MINUTE ITEM
This Calendar Item No. C16 was approved as Minute Item No. 16 by the California State Lands Commission by a vote of 3 to 0 at its 4-24-01 meeting.

CALENDAR ITEM
C16

A 33

S 18

04/24/01
PRC 8143.1
PRC 8278
W 25761
B. Dugal

AMENDMENT OF A GENERAL LEASE RIGHT OF WAY USE AND AN APPLICATION FOR A GENERAL LEASE – RIGHT OF WAY USE

AMENDMENT OF LEASE NO. PRC 8143.1
LESSEE:

MFS Globenet, Inc.
6929 N. Lakewood Avenue
Tulsa, Oklahoma 74117

AREA, LAND TYPE, AND LOCATION:

0.69 acres, more or less, of sovereign lands in the Pacific Ocean, at Morro Bay, San Luis Obispo County.

AUTHORIZED USE:

Installation and maintenance of one six-inch diameter steel conduit.

LEASE TERM:

Ten years, beginning February 8, 2000, with the right to renew for one additional period of 15 years, subject to such reasonable renewal terms and conditions as the State may impose.

CONSIDERATION:

$15,093 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED AMENDMENT:

Installation, use and maintenance of the China US E1 fiber optic cable that will be installed into the existing conduit. All other terms and conditions of the lease shall remain in effect without amendment.

GENERAL LEASE – RIGHT OF WAY USE - W 25761

APPLICANT:

AT&T Corp
1200 Peachtree Street, ND, #PA 100
Atlanta, Georgia 30309

AREA, LAND TYPE, AND LOCATION:

6.23 acres, more or less, of sovereign lands in the Pacific Ocean, at Morro Bay, San Luis Obispo County.

AUTHORIZED USE:

Installation, use and maintenance of the China-US E1 fiber optic cable that will be installed into existing conduit authorized by Lease No. PRC 8143.1.

LEASE TERM:

Ten years, beginning April 20, 2001, with the right to renew for one additional period of 15 years, subject to such reasonable renewal terms and conditions as the State may impose.

CONSIDERATION:

$135,750 per year; with the State reserving the right to modify the method, amount or rate of consideration effective on the second anniversary of the beginning date of the lease. Irrespective of whether the State exercises the right to modify the lease consideration on the second anniversary, it may do so on the fifth anniversary, and subsequently thereafter, as provided in the Lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Combined single limit coverage of no less than $1,000,000.

Bond:

$500,000.

BACKGROUND:

On February 8, 2000, the California State Lands Commission (Commission) issued one Permit for a Telephone Line Right of Way and four General Leases – Non-Exclusive Right of Way Use to MFS Globenet, Inc. (MFS). The permit and leases are a part of MFS's fiber optic cable system and involves the construction of five steel conduits and the placement of two fiber optic cables within two of the newly constructed conduits.

On April 20, 2000, the Commission approved the issuance to AT&T Corp. of a General Lease – Right of Way Use, Lease No. PRC 8154.1, that authorized AT&T to install two fiber optic cables within an existing conduit. The installation of the two fiber optic cables into one existing conduit was known as the "2 in 1" option. The two cables that AT&T proposed to install within the existing conduit are the China-US S7 and E1 cables. Once installed, these cables will become part of AT&T's China-US Cable Network.

In addition to the above, AT&T also requested that the Commission consider the "2 in 2" option. This option involved the installation of the S7 cable into existing conduit authorized by PRC 8154.1 and the E1 cable into the yet-to-be constructed conduit authorized by Lease No. PRC 8144.1. Subsequently, on April, 20, 2000, Lease No. PRC 8144.1 was amended to allow the installation of the E1 cable into the conduit authorized by Lease No. PRC 8144.1.

Due to unanticipated engineering problems associated with installing the "2 in 1 option", only the S7 cable was installed in the conduit authorized by PRC 8154.1. Further, the conduit authorized by PRC 8144.1 has not been constructed and will not be completed for many weeks. The cable ship is ready to install the E1 cable. Therefore, AT&T has submitted an application for a Right of Way Lease to install the E1 cable from the offshore boundary of the State of California to the conduit that is authorized by Lease No. PRC 8143.1. This conduit is currently under construction and it is anticipated that construction will be completed by April 10, 2001 and will be available for the installation of the E1 cable.

OTHER PERTINENT INFORMATION:

1. MFS and AT&T have the right to use the uplands adjoining the lease premises.

2. The proposed E1 cable is a minor re-route and is within an area previously covered by detailed seafloor surveys. The E1 cable re-route will cross sandy bottom areas only. Because the re-route will cross the same sediments as the original E1 cable route, AT&T expects to achieve the required 1.0 meter burial depth.

3. On March 27, 2001, MFS submitted a letter to the Commission outlining their intent to assign Lease No. PRC 8143.1 to AT&T once the conduit is constructed. The Commission has previously given its consent to such assignment. MFS shall comply with the lease provisions regarding the

assignment of the lease to AT&T. AT&T's Right of Way Lease will be from the offshore boundary of the State of California to the end of the conduit.

4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff has prepared an EIR identified as CSLC EIR No. 698, State Clearinghouse No. 99051063. Such EIR was prepared and circulated for public review pursuant to the provisions of the CEQA. A Mitigation Monitoring Program has been prepared in conformance with the provisions of the CEQA (Public Resources Code section 21081.6).

5. Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, section 15091) are contained in Exhibit A, attached hereto.

6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

California Coastal Commission

EXHIBITS:

A. CEQA Findings
B. Mitigation Monitoring Program
C. Location Map
D. Land Description – Lease Amendment PRC 8143.1
E. Land Description – General Lease – Right of Use – W 25761

PERMIT STREAMLINING ACT DEADLINE:

October 23, 2001.

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING FOR GENERAL LEASE RIGHT OF WAY USE:

CERTIFY THAT AN EIR NO. 698, STATE CLEARINGHOUSE NO. 99051063, WAS PREPARED FOR THIS PROJECT PURSUANT TO THE

PROVISIONS OF THE CEQA, THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN AND THAT THE EIR REFLECTS THE COMMISSION'S INDEPENDENT JUDGMENT AND ANALYSIS.

ADOPT THE FINDINGS, MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15091, AS CONTAINED IN EXHIBIT A, ATTACHED HERETO.

ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED IN EXHIBIT B, ATTACHED HERETO.

DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

LEASE AMENDMENT – PRC 8143.1

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8143.1, A GENERAL LEASE - RIGHT OF WAY USE, OF LANDS DESCRIBED ON EXHIBIT D ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE APRIL 20, 2001, FOR THE INSTALLATION, USE AND MAINTENANCE OF THE CHINA US E1 FIBER OPTIC CABLE THAT WILL BE INSTALLED INTO THE EXISTING CONDUIT; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

GENERAL LEASE – RIGHT OF WAY USE – W 25761

AUTHORIZE ISSUANCE TO AT&T CORP OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING APRIL 20, 2001, FOR A TERM OF TEN YEARS, WITH THE RIGHT TO RENEW FOR ONE ADDITIONAL PERIOD OF 15 YEARS, SUBJECT TO SUCH REASONABLE RENEWAL TERMS AND CONDITIONS AS THE STATE MAY IMPOSE, FOR THE INSTALLATION, USE AND MAINTENANCE OF ONE FIBER OPTIC CABLE (CHINA US E1) ON THE LAND DESCRIBED ON EXHIBIT E

ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF $135,750, WITH THE STATE RESERVING THE RIGHT TO MODIFY THE METHOD, AMOUNT OR RATE OF CONSIDERATION EFFECTIVE ON THE SECOND ANNIVERSARY OF THE BEGINNING DATE OF THE LEASE. IRRESPECTIVE OF WHETHER THE STATE EXERCISES THE RIGHT TO MODIFY LEASE CONSIDERATION ON THE SECOND ANNIVERSARY, IT MAY DO SO ON THE FIFTH ANNIVERSARY, AND SUBSEQUENTLY THEREAFTER, AS PROVIDED IN THE LEASE, COMBINED SINGLE LIMIT COVERAGE OF NO LESS THAN $1,000,000, SURETY IN THE AMOUNT OF $500,000.

EXHIBIT A

REQUIRED CEQA FINDINGS
AT&T CHINA-U.S. CABLE NETWORK

I. PROJECT DESCRIPTION

The proposed project is the installation of two new fiber optic cables on the seafloor off of Morro Bay, San Luis Obispo County, California. The two cables constitute segments E1 and S7 of the China-U.S. Cable Network, a system that will serve the growing demand for telecommunications links to carry digital communications traffic between the United States, the People's Republic of China, and other Asian-Pacific Rim countries. Segments E1 and S7 will complete the China-U.S. Cable Network ring configuration, which requires a landing in the San Luis Obispo area to connect the system via existing conduit to AT&T's San Luis Obispo terminal. Segments E1 and S7 were designed to make use of previously permitted and constructed facilities, including a beach manhole at the Sandspit parking lot at Montaña de Oro State Park and an empty bore pipe that extends underground from the manhole to an exit point 0.5 nautical miles (nm) offshore in 13 meters (m) (43 feet) of water.

From the bore pipe, the two cables, each measuring approximately 1.25 inches in diameter, would be laid across the continental shelf. The cables would be buried beneath the surface, to depths of at least 0.9 m (3 feet), wherever possible depending on substrate conditions, out to a depth of 1,800 meters (6,000 feet [1,000 fathoms]). In deeper water, continuing off the continental shelf, the cables would be laid directly on the bottom to their destinations. The E1 cable would connect to Bandon, Oregon, while the S7 cable would provide the first direct fiber optic connection between China and North America.

Based on the Draft Environmental Impact Report (DEIR) and considering public comments received, AT&T proposes to install the cables along the Maximum Burial Alternative Routes that are fully evaluated in the DEIR, and found to be the CEQA Environmentally Superior Alternative to the original proposed routes. The Maximum Burial Routes would result in greater than 99 percent burial of the two cables across the continental shelf.

AT&T has specified the vessel *MSV Seaspread* or a similar vessel as the cable-laying ship to be used for the nearshore and California shelf cable installation process. It is similar to the *MV American Patriot* described in the DEIR, is a more stable vessel that is better suited to installing cables along the Maximum Burial routes. The environmental consequences of using the *Seaspread* versus the *Patriot* are limited to air quality and are discussed in that section of the Findings below.

In addition to approval of the Maximum Burial Alternative, AT&T also requests approval for the **"2 in 2 Option,"** which would involve installing the E1 and S7 cables in separate bore pipes, with the S7 cable going into the existing AT&T bore pipe (as planned) and the E1 cable going into a yet-to-be-constructed MFS Globenet (MCI WorldCom) bore pipe (CSLC lease number PRC 8144.1) that would extend from the Sandspit parking lot to a point on the seafloor 100 m (330 feet) northeast of the existing AT&T bore pipe. AT&T will opt for the 2 in 2 option should the MFS Globenet bore pipe be ready to receive the cable at the time the E1 cable is ready to be landed. If the MFS Globenet bore pipe is not available, AT&T will land the E1 cable jointly with the S7 cable in the remaining AT&T bore pipe. The 2 in 2 Option E1 route parallels the Maximum Burial route described in the DEIR, joining the Maximum Burial route about 1 mile offshore.

The "2 in 2 Option" and the specification of the *MSV Seaspread* cable-laying vessel are described and discussed as Project Implementation Options in the Finalizing Addendum to the DEIR (March 2000). Descriptive information and conclusions applicable to these Project Implementation Options are included in each appropriate section below.

A. Project Location

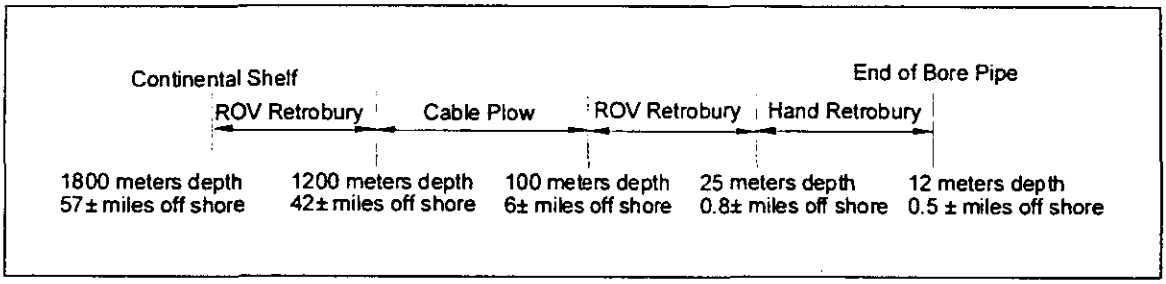
The project includes shore-end, nearshore, and offshore activities. The location for the shore-end activities is the existing chip sealed parking lot at Sandspit Beach in Montaña de Oro State Park, located just south of Morro Bay. The nearshore activities will take place between the end of the existing bore pipe (or existing bore pipe and new bore pipe if the 2 in 2 Option is adopted) and the 3-nm limit offshore. The offshore locations are the cable alignments for both proposed cables beyond the 3-nm limit.

B. Cable Characteristics

The cables are 1.5 to 2 inches in diameter. Three different cable types will be utilized to provide an appropriate degree of protection for the cable from geologic and sedimentary conditions encountered during installation, and from potential interactions with fishing gear. All cable types surround a core of optical fibers encased in rings of steel wires, copper sheathing, polyethylene insulation, and nylon yarn coated with asphalt to prevent seawater penetration. No antifouling coatings or corrosion inhibitors other than the asphalt coatings are used in any of the cables. The cables carry a constant DC current of 1.3 Amps.

C. Cable Burial

AT&T proposes cable burial, where feasible, to a depth of at least 0.9 meter (3 feet). This burial depth reflects the incorporation of DEIR mitigation measure CRF-1c (see below). AT&T proposes cable burial where feasible out to water depths of 1,800 m in order to minimize the possibility of conflicts with commercial fishing, especially with bottom trawling. This burial depth is about 3 times the depth of sediment disturbance usually attributed to bottom trawling. Burial will be accomplished by a combination of Sea Plow, Remote Operated Vehicle (ROV) and diver jet burial as illustrated below.



Recognizing that cable burial would mitigate potential impacts on fishing and that placement of the cable in soft-bottom areas would avoid marine biological impacts that could occur where cables cross rocky areas and cannot be buried, AT&T worked with MCI-WorldCom to identify cable routes that would maximize the burial of each of five cables currently proposed for landing at the Montaña de Oro site. With the resulting Maximum Burial Alternative China-U.S. routes that are now proposed by AT&T, over 99 percent of the cables would be buried.

D. Shore-End Activities

Shore-end activity consists of cleaning and testing the existing bore pipe and pulling the Segment S7 and E1 ocean cables into the beach manhole located in the existing parking lot in Montaña De Oro State Park. In that manhole, the cables will be connected to existing land power and fiber cables. Shore-end activities have been approved by San Luis Obispo County and the California Department of Parks and Recreation, and AT&T will continue to coordinate with these agencies during project construction. It is expected that cable installation activities at the Sandspit Parking Lot would take up about half of the available space (25 out of 50 parking spaces) in the parking lot, and may require closure for 1 to 2 weeks.

With the 2 in 2 Option, the parking lot would be closed for approximately 2 weeks as there would be two separate pipe cleaning/testing and cable pulling operations. The overall period of parking lot occupation, however, would not necessarily be lengthened on the assumption that MCI-WorldCom and AT&T contractors are occupying the parking lot at the same time for purposes of constructing their respective projects. The contractors for the two companies have already coordinated their activities to insure that they can occupy the lot simultaneously without disrupting the other.

E. Nearshore and Offshore Activities

The nearshore activities include those activities necessary to install the E1 cable and the S7 cable into the existing bore pipe. These activities will involve a pre-lay grapnel run, feeding the cables off the stern of a ship, pulling them through the pipe and into the beach manhole, and laying them to a point 3.1 miles (5 km) offshore. The subsequent offshore activities will include splicing a cable onto the nearshore cable segment and laying or plowing the offshore segment approximately to the continental shelf.

These activities will take place in five steps. Step 1 will include exposing the bore pipe and preparing it for the cable landing. Step 2 will involve installing two submarine cables into the existing bore pipe and laying them to just beyond the 3-nm limit offshore. Step 3 will include the retro burial of the cables by hand jetting between the bore pipe and 0.8 mile (1.3 km) offshore. Step 4 will involve installing two submarine cables from 3.1 miles (5 km) to approximately 57 miles (92 km) offshore. Step 5 will include cable installation by retro-burial and plowing from approximately 0.8 mile (1.3 km) offshore to approximately 57 miles (92 km) offshore.

The pre-lay grapnel run will take several days. Subsequent nearshore activities will take 1 to 2 weeks. Offshore activities will take 2 to 3 weeks. All activities will be synchronized as closely as possible.

With the 2 in 2 Option, each of the E1 and S7 cables would be separately pulled into its own bore pipe, then laid along its course to the point offshore where it would be buoyed.

F. Maintenance, Repair, and Abandonment

Other than ensuring the power feed and transmission equipment in the terminal station are in proper working order, no routine maintenance is planned or expected to be necessary for the submerged portion of the China–U.S. cable network. "Cable faults" that necessitate repairs rarely occur on modern buried fiber optic cables. If a repair is needed, divers, ROV, or grapnel, depending on depth, would be used to retrieve the cable from the seafloor at the point of the fault, and a new section of cable would be spliced in by a cable repair ship at the surface. The repaired cable would then be replaced and re-buried.

The State Lands Commission will require AT&T, upon abandonment of the cables, to remove conduit and inactive cable from the Mean High Tide Line to a water depth of 1,000 fathoms, as necessary so as not to interfere with commercial fishing activities. Prior to removal of any conduit or cable, AT&T will

submit plans and specifications to the State Lands Commission and the California Coastal Commission that describe the proposed removal process. No removal will be undertaken unless and until approved by these agencies.

Detailed environmental analysis of the effects of cable removal will require an assessment of the environmental conditions at the time of removal. Although it is not possible to predict these conditions 25 years hence (the term of the proposed lease), environmental impacts associated with removal of buried cables can be expected to be roughly comparable to the impacts associated with the installation and burial of the cables on the assumption that there is no significant change in the affected environment over the life of the cables.

II. THE RECORD

The California Code of Regulations, Title 14, Section 15091(b) requires that the Lead Agency's findings be supported by substantial evidence in the record. Accordingly, the State Lands Commission's record consists of the following:

1. Documentary and oral evidence, testimony, and comments and responses received and reviewed by the Commission's staff during public hearings and through public review of the DEIR. All files of the State Lands Commission pertaining to the AT&T China-U.S. project are part of the Commission's record.

2. The AT&T China-U.S. Final Environmental Impact Report, certified on April 20, 2000.

3. Application and supporting materials for the proposed project and Project Implementation Options submitted by AT&T, including the proposed use of the *MSV Seaspread* (letter of March 28, 2000), and the implementation of the 2 in 2 Option (letter of April 6, 2000).

4. Matters of common knowledge to the State Lands Commission which they consider, such as:

   - The California Environmental Quality Act (CEQA) and state CEQA guidelines implementing the act.

   - Relevant policies and regulations of other government agencies, including the San Luis Obispo County Air Pollution Control District; U.S. Fish and Wildlife Service; National Marine Fisheries Service; U.S. Army Corps of Engineers; and State Department of Fish and Game.

   - Relevant policies and regulations in the California Coastal Act.

III. FINDINGS FOR PROJECT IMPACTS

The following section contains the findings required by section 21081 of the California Public Resources Code. These findings are organized by resource issue area, reflecting the organization of the January 2000 Draft Environmental Impact Report for the AT&T China-U.S. Cable Network Project (DEIR) and are presented in the following sequence:

Air Quality
Geology

Water Quality
Biological Resources
Cultural Resources
Commercial and Recreational Fishing
Land Use and Recreation
Aesthetics and Noise
Marine Transportation
System Safety/Risk of Upset
Socioeconomics
Onshore Traffic, Public Services and Utilities

IV. FINDINGS

1. Air Quality

Impact

Original Proposed Routes: Short-term exceedance of San Luis Obispo County (SLO) APCD thresholds during cable installation (Class II).

Maximum Burial Alternative Routes: Impacts similar to those of the original proposed routes (Class II), with same mitigation measures.

Use of *MSV Seaspread* and 2 in 2 Option: Use of the *MSV Seaspread* and implementation of the 2 in 2 Option would result in total NOx emissions of 3.63 tons onshore and within State Waters, which is greater than the original proposal's 2.04 tons, and would exceed the SLO APCD's mitigation threshold of 2.50 tons per quarter. Construction emissions onshore and within State Waters would still be less than the SLOAPCD's significance threshold of 6.0 tons per quarter. The emissions would be mitigable as described below.

Cumulative Impacts: Cumulative impacts of fiber optic cable projects would be less than significant.

Mitigation Measures

AQ-1. The injection timing on diesel-powered vessels will be retarded 4° prior to and throughout cable installation with the exception of the main cable ships which will be operated at 3° retardation. These measures will produce a 20-25 percent reduction in emissions of nitrogen oxides (NOx).

AQ-2. Onshore equipment will use low-sulfur/low-aromatic diesel fuel as designated by the ARB. Ocean vessels will burn low-sulfur diesel fuel as designated by the EPA.

AQ-3. With the exception of marine vessel injection timing retard (AQ-1), all diesel powered construction equipment will be properly tuned, well maintained, and operated within manufacturer's specifications.

AQ-4. AT&T will contribute $6,000 to a San Luis Obispo County APCD program, based on the average costs of air quality offsets provided by the APCD, to offset NOx emissions.

Residual Impacts

Implementation of the above measure would reduce the impact to a less than significant level.

Findings

Mitigation measures incorporated into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level.

The same Findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

Construction emissions during the project construction only would exceed the daily and quarterly thresholds of NOx emissions that are used by the San Luis Obispo County Air Pollution Control District (SLOAPCD) to determine when additional mitigation including best available control technology and offsets should be applied. During construction, offshore emissions would result primarily from vessel engines and generators. In connection with AT&T's proposed use of the project vessel MSV Seaspread, the CSLC discussed the mitigation measures with Mr. Barry Lajoie of the SLOAPCD. As a result measure AQ-1 from the DEIR has been revised to apply only to marine vessels, and not to onshore construction equipment, because the SLOAPCD has determined that injection timing retard for onshore construction equipment has the undesirable effect of increasing particulate emissions. The CSLC and SLOAPCD have also agreed that incorporation of new measures AQ-3 and AQ-4 is appropriate. These measures are consistent with the SLOAPCD's policies and have been determined by the SLOAPCD to reduce construction emissions from fiber optic cable installation projects to less than significant.

As indicated in the Finalizing Addendum to the DEIR (March 2000), with Project Implementation Options that include use of the *MSV Seaspread* and the 2 in 2 Option, emissions would be greater than for the original proposal for 2 cables in one bore pipe. For this option, mitigation consistent with measure AQ-4 described above would be required, with the amount of the required contribution in proportion to the cost of offsets.

2. Geology

Impact

Original Proposed Routes: Disturbance of seafloor substrates during cable installation, possible grooving of sedimentary rocks by cables (Class III).

Maximum Burial Alternative Routes: Similar to original proposed routes, but the effect on rocky substrate is substantially less than for the original routes (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: The 2 in 2 Option would have slightly greater impacts due to the use of a second bore pipe, but the impacts would be essentially equivalent to those of the Maximum Burial Routes (Class III).

Cumulative Impacts: Cumulative impacts of existing and proposed fiber optic cable projects would be incrementally greater but still less than significant (Class III)

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

The DEIR provides detailed seafloor geology maps upon which the cable routes have been overlaid to calculate linear distances and areas disturbed by the project. The impacts are less than significant because an extremely small fraction, much less than 1 percent, of any substrate type would be affected.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the 2 in 2 Option crosses traverses slightly more (38 m) of the thin sediments and slightly less (272 m) of the sandy sediments in the relatively shallow water area within 1 mile of shore. The impact remains much less than one percent of the available substrate and would therefore be less than significant (Class III).

3. Water Quality

Impact

Original Proposed Routes: Small-scale, temporary increases in turbidity during cable installation (Class III); potential spills from vessels mitigated by project operating procedures and spill contingency plans (Class III).

Maximum Burial Alternative Routes: Impacts similar to original proposed routes (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: The 2 in 2 Option would have slightly greater impacts due to the use of a second bore pipe, but impacts would remain less than significant (Class III).

Cumulative Impacts: Cumulative impacts would be less than significant (Class III).

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

The DEIR reviews the nature of cable installation impacts on the water quality and finds that the discharge of water and sediment during installation at the bore pipe will be a small-scale, temporary change that is not expected to affect marine life. Sediment re-suspension from cable installation along the seafloor will be brief and localized to the near-bottom area close to the cable alignment. Minor amplitude compared to the natural background variability in the suspended sediment loads in this coastal region.

The likelihood and potential consequences of spills of fuel or fluids from marine vessels (cross-reference the System Safety/Risk of Upset section) are reduced by proposed curtailment procedures that limit operations in hazardous conditions, noticing procedures that reduce the risk of vessel collisions, by the project vessels' spill response plans, including having on board the primary work vessel additional spill response capabilities (sorbent boom and pads and small boat to assist in spill cleanup).

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

4. Biology

Impact

Insignificant impacts on terrestrial biology. Marine biology impacts discussed below.

Original Proposed Routes: Localized, mostly temporary disturbance of seafloor habitats, amounting to an extremely small fraction of available substrate (Class III), but in the case of high-relief substrates, disturbance of 1,224 m^2 by the original proposed routes is considered significant and unmitigable (Class I) except through a major redesign (see Maximum Burial below). Possible anchor impacts associated with the destruction of organisms and/or habitat structure on high relief rocky substrates (Class II). Low, but non-zero, risk of injury or disturbance to marine mammals during cable installation activities (Class III).

Maximum Burial Alternative Routes: Impacts substantially less than original proposed routes in that the impact on high-relief rocky substrate is limited to 9m^2 (Class III). Same potential for anchor impacts (Class II). Same low but non-zero risk of injury or disturbance to marine mammals (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: The 2 in 2 Option would have slightly greater impacts on the low-relief/thin sediments habitat type but the impacts remain very small in magnitude and less than significant (Class III).

Cumulative Impacts: Cumulative impacts less than significant (Class III).

Mitigation Measures

MB-1. Based on the most detailed and current maps of seafloor substrate conditions available, high-relief areas that could be subject to disturbance from anchoring by project vessels should be mapped with coordinate locations specified and designated as "no-anchor zones" on the approved plans for cable installation. These areas should continue to be shown on as-builts and project maps that could be used in future repair or abandonment activities.

MB-2. A marine mammal training video or photographic presentation shall be reviewed by all shipboard personnel involved with cable operations to emphasize the types of mammals that may occur in the project area, general habits and distribution, and methods to avoid impacts. Included in the presentation shall be a listing of contact numbers to report marine mammals in distress, and a requirement to make a verbal report if any such mammals are observed during project operations.

MB-3. A biologist familiar with marine mammal behavior shall be present during installation and repair activities to observe for marine mammals that approach the project area. The observer shall be authorized to call a halt to project activities that pose a risk of injury to marine mammals.

Residual Impacts

Implementation of the above measures would reduce the impact to a less than significant level.

Findings

The Original Proposed Routes, no longer proposed, would have either required a Finding of Overriding Considerations or a significant realignment of the cable routes to avoid rocky areas. This finding is not necessary, however, because AT&T has adopted the Maximum Burial Alternative routes as its proposed project.

In other respects, Mitigation Measure MB-1 and features incorporated into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level. To ensure maximum protection of marine mammals, mitigation measures MB-2 and MB-3 will be incorporated as lease conditions by the CSLC.

The same findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

The DEIR provides a detailed analysis of marine benthic communities on the seafloor where the cables would be placed, based on surveys by ROV and still photography. The marine biological analysis is integrated with the analysis of substrate impacts to provide quantification of impacts. Impacts on benthic communities are generally considered temporary as evidenced by the growth of organisms on existing cables, and not substantial, amounting to much less than 1 percent of the available substrate of any type. However, the impact of the original proposed routes on high-relief rocky areas which are considered to be high-value habitats of potential concern, is found to be substantial insofar as 1,224 m^2 of this habitat could be altered by the presence of the cables. This impact is not mitigable without a major redesign of the original proposed routes. The impact of the Maximum Burial Alternative routes is not substantial, amounting to only 9 m^2 of potential disturbance on high-relief.

In view of the potential sensitivity of high-relief habitats and the communities they support to damage from anchoring, the DEIR identified avoidance as an appropriate mitigation under MB-1.

The occurrence and behavior of marine mammals in the vicinity of the proposed cable routes was considered in the DEIR, based on literature review and discussion with experts. A thorough search was made through the literature and discussion with experts for incidents of [illegible] entanglement in modern fiber optic cables, and for evidence that the installation or presence of submarine cables would constitute a risk of injury to migratory gray whales. On the basis of this

investigation, the DEIR concluded that the project does not pose a significant risk to marine mammals, and that the impact is therefore less than significant. To minimize this risk however, measures MB-2 and MB-3 will be required as lease conditions.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

5. Cultural Resources

Impact

Original Proposed Routes: Potential disturbance to previously unknown shipwrecks, mitigable by avoidance (Class II).

Maximum Burial Alternative Routes: Similar to original proposed routes, potential impact mitigable by avoidance (Class II).

Use of *MSV Seaspread* and 2 in 2 Option: Impacts would be the same as for the original or Maximum Burial Routes (Class II).

Cumulative Impacts: Cumulative impacts would be less than significant (Class III).

Mitigation Measures

CR-1. Prior to the pre-lay grapnel run and cable installation, the applicant shall provide a detailed analysis by a qualified marine archaeologist of side scan sonar and magnetometer data for the cable route between the shoreline and the 3-nm limit. The analysis shall identify and analyze all magnetic and side scan sonar anomalies that occur in the cable corridor, which is defined by a lateral distance of 0.5 kilometer on each side of the proposed cable route. The analysis shall also include investigation of the potential cultural significance of each anomaly identified within the cable corridor that cannot be avoided. The applicant must submit the side scan sonar and magnetometer data, and an accompanying report which analyzes the data. Final approval from the Commission must be received prior to the pre-lay grapnel run and cable installation.

CR-2. Should a previously unknown shipwreck of potential cultural resource value be discovered within the proposed cable corridor as a result of the study required in CR-1, the proposed cable route or installation procedures shall be modified to avoid the potentially significant cultural resource.

Residual Impacts

Implementation of the above measure would reduce the impact to a less than significant level.

Findings

Mitigation measures and features incorporated into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level.

The same Findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

As discussed in the DEIR, previously undiscovered historic resources associated with maritime activities could exist off Morro Bay, and a number of objects or "targets" whose status as cultural resources cannot be ruled out were detected in geophysical surveys along the original proposed and Maximum Burial Alternative routes. As such, a previously unknown shipwreck or object of potential cultural resource value could be damaged or destroyed during pre-lay grapnel run or during cable installation. Mitigation measures CR-1 and CR-2 require an evaluation of the geophysical data by a qualified marine archaeologist, and require the applicant to safely avoid the locations of potentially significant resources.

Mitigation measures CR-1 and CR-2 are being implemented for the Maximum Burial Alternative routes, now AT&T's proposed project. The CSLC has received the report of the marine archaeologist (Mr. Jack Hunter) on the locations of potentially significant objects or targets with respect to the cable routes. All such features are more than 275 m from the S7 cable route, indicating no potential impacts along that route. There are 4 such features 100 m or less from the E1 route, indicating some possibility of impact, depending on the nature of the object(s) and procedures employed during cable installation activities. Prior to final approvals, AT&T will submit evidence confirming that cable routes and project activities safely avoid these locations, or conduct additional investigations to determine significance and establish more precisely an appropriate avoidance distance.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

6. Commercial and Recreational Fishing

Impact

Original Proposed Routes: Short-term localized preclusion of fishing during cable installation; potential economic losses if fishing is avoided over cables; potential economic losses due to gear entanglement on cables (Class II). Recreational fishing impacts limited to short-term localized preclusion and less than significant (Class III).

Maximum Burial Alternative Routes: Impacts substantially less for Maximum Burial Alternative routes due to the avoidance of exposed or suspended segments of cable on rocky substrates; the same mitigation measures would apply (Class II). Recreational fishing impacts less than significant (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: Impacts would be essentially the same as for the Maximum Burial Routes (Class II).

Cumulative Impacts: Cumulative impacts significant, mitigable through same measures as project-specific impacts (Class II).

Mitigation Measure

CRF-1 To mitigate impacts on commercial and recreational fishing ~~resulting from the China-~~ U.S. project, the following measures shall be implemented:

a. Throughout the life of the project, AT&T will adhere to the noticing procedures that are specified in the project description (section 2.10.7).

b. AT&T will participate in and fund the operations of the Morro Bay Joint Cable/Fisheries Liaison Committee. The purpose of the Committee is to discuss and resolve issues relating to telecommunications cables owned and operated by the cable companies, including AT&T, along the California coast adjacent to Morro Bay.

c. AT&T cables will be buried to a target depth of .6 – 1 meter in areas between three miles from shore and 1,000 fathoms (1,800 m) water depth.

d. The timing and methods of construction and installation of the individual cables will be determined by AT&T in consultation with the Committee to avoid or minimize any negative impacts to the fishing industry.

e. A Committee fisherman representative will be offered the opportunity to be on board the cable installation vessel to observe cable installation.

f. Following installation of the cables, AT&T will provide cable "as built" coordinates to the fishermen in writing, electronically, and on navigational charts.

g. The cable owner shall conduct post-lay cable burial verification survey at least every 18 months, but not to exceed 24 months, if the extension of time avoids the winter season, or after any events that may cause buried cable to daylight. The survey shall be conducted by an ROV equipped with video and still cameras and by a third party agreed-to by the permitting agencies. A report providing verification of cable burial, including depth, shall be submitted to the State Lands Commission. The cable owner must submit for approval to the State Lands Commission staff, a plan for remediating any segments where conflicts occur, or are likely to occur, as soon as possible, but not to exceed 30 days after survey completion. This plan shall include a proposed schedule for completion of the necessary work, including gear retrieval (copies of the videotapes recording the verification will be provided to the Committee, the CSLC, and the CCC).

h. Each licensed fisherman owning and operating vessels engaged in trawl fishing in the area of the proposed cables who signs the Fishing Agreement will receive a payment from the participating cable companies for upgrading communication and navigation equipment.

i. AT&T, either independently or in conjunction with other cable companies, will provide a 24-hour toll-free telephone "hotline" to receive calls from fishermen who believe they have snagged gear on a telecommunications cable.

j. In the event that a fisherman sacrifices gear in order to avoid injury to an AT&T submarine cable, AT&T will pay 100% of the gear equipment replacement costs, and will pay an additional 50% of those gear replacement costs to compensate the fisherman for loss of catch and fishing opportunity. The full amount of this payment shall be available to any fisherman who sacrifices gear in order to avoid injury to an AT&T submarine cable, regardless of whether the fishermen has signed the Fishing Agreement.

k. AT&T will release any claims that it might have for damage to cables and/or fishermen that comply with the terms of the applicable Fishing Agreement and the Fishing Vessel Operating Procedures established by the Committee.

l. Upon the expiration or sooner termination of this Lease as outlined in Paragraph 12, Section 4 ("Restoration of Lease Premises"), Lessee shall remove all conduit and inactive cable from the Mean High Tide Line (MHTL) to a water depth of 1,000 fathoms. Prior to removal of any conduit or cable, Lessee shall submit to Lessor plans and specifications that describe the proposed removal process. No removal activity may be undertaken unless and until Lessor approves the removal plan. Lessor may require Lessee to provide side scan data in order to verify complete removal of the cable to a water depth of 1,000 fathoms.

Residual Impacts

Implementation of the above measure would reduce the impact to a less than significant level.

Findings

Mitigation measures and features incorporated into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level.

The same Findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

The DEIR reviews the nature of fishing in the Morro Bay region and the evidence of potential conflicts between fishing and the installation and long-term presence of fiber optic cables on the seafloor. The analysis recognizes that relatively short-term or local impacts on fishing can affect the economics of fishing and the viability of fishing as a business for individual fishermen. The three primary mechanisms of potential impact are (1) short-term preclusion of access to fishing grounds during cable installation; (2) reduced profitability of fishing if fishermen avoid areas where cables are placed due to concerns over gear loss or liability for cable damage in the event that gear becomes entangled in a cable; and (3) economic losses incurred if gear does become entangled on a cable. As a result of a greater percentage of burial and correspondingly reduced likelihood of fishing gear entanglement, these impacts are less for the Maximum Burial routes that are now proposed, although the same mitigation measures apply.

AT&T and the CSLC have considered input from the fishing community in Morro Bay and agreed upon the mitigation measures listed under CRF-1 above to mitigate impacts. These mitigation measures are consistent with the terms of a Fishing Agreement between the cable companies and fishing interests in Morro Bay, but are independently enforceable as mitigation measures under CEQA. As discussed in the DEIR, each of these measures contributes to the reduction of potential conflicts with fishing.

The mitigation measures collectively minimize the short-term impact of preclusion during cable installation; they increase the certainty of cable burial; they allow fishermen to be better informed as to cable locations and the status of burial; they remove potential disincentives to fishing in locations where cables are present; they provide procedures to be followed to minimize potential losses to both fishers and the proposed project; and they provide mechanisms for gear replacement and compensation for lost fishing time if gear is snagged on a cable. These measures applied to the proposed project would reduce impacts to a level of insignificance.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

7. Land Use and Recreation

Impact

Original Proposed Routes: Potential short-term interference with recreation at the Sandspit Parking Lot (Class II).

Maximum Burial Alternative Routes: Impact similar to original proposed routes (Class II).

Use of *MSV Seaspread* and 2 in 2 Option: As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, impacts on public use of the parking lot would be slightly greater for the 2 in 2 Option, but would be mitigable by the same measure (REC-1, see below) identified in the DEIR (Class II).

Cumulative Impacts: Cumulative impacts significant due to multiple projects' use of the parking lot (Class II).

Mitigation Measure

REC-1. Prior to cable installation, AT&T shall obtain the approval of the Department of Parks and Recreation and the staff of the State Lands Commission for the scheduling and location of project activities at the parking lot, incorporating measures to ensure the availability of parking, restrooms, and pedestrian access to the beach during project activities.

Residual Impacts

Implementation of the above measure would reduce the impact to a less than significant level.

Findings

Mitigation measures and features incorporating into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level.

The same Findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

The DEIR identifies the potential conflict between project installation activities and recreational use of the Sandspit parking lot. The short-term impact is potentially significant to the extent that beach access and recreational opportunities are reduced. This impact is also significant for the cumulative use of the parking lot by other projects that may be constructed in the same timeframe, i.e. late spring to early summer, 2000. Through the implementation of the mitigation measure, interference with beach access and recreational use of the park will be avoided, resulting in a less than significant impact.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

8. Aesthetics and Noise

Impact

Original Proposed Routes: Temporary noise and the presence of working equipment and workers during cable installation (Class III).

Maximum Burial Alternative Routes: Impacts similar to original proposed routes (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: Slightly greater impacts due to use of second bore pipe and related activities at Sandspit Parking Lot (Class III).

Cumulative Impacts: Cumulative impacts less than significant (Class III).

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

The DEIR describes the visual setting and the potential impacts resulting from construction of the project. The type of visual change proposed with this project is likely to be consistent with the viewer group's expectations related to construction projects and the short-term impacts are considered less than significant.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option, although the 2 in 2 Option has a slightly greater impact at the Sandspit Parking Lot.

9. Marine Transportation

Impact

Original Proposed Routes: Localized, short-term interference with vessel traffic, similar for proposed and maximum burial alternative routes; mitigated by proposed noticing procedures (Class III).

Maximum Burial Alternative Routes: impact similar to original proposed routes (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: Impacts similar to original and Maximum Burial Routes (Class III).

Cumulative Impacts: Cumulative impacts less than significant (Class III).

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

The DEIR describes the interaction between project activities and commercial and recreational vessel traffic in the area. Due to the short-term nature of the activities, their proper noticing through the Notice to Mariners, and the operating procedures that required of vessels by existing regulations, impacts would be less than significant.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

10. System Safety/Risk of Upset

Impact

Original Proposed Routes: Low likelihood of accidents, none with potentially severe consequences (Class III).

Maximum Burial Alternative Routes: Impact similar to original proposed routes (Class III)

Use of *MSV Seaspread* and 2 in 2 Option: Impact similar to original and Maximum Burial Routes (Class III).

Cumulative Impacts: Cumulative impacts less than significant (Class III).

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

The DEIR includes data regarding marine traffic loads and documents the low number of accidents that have occurred in nearby waters. The potential for accidents to occur as a result of

the cable installation is considered low and impacts would be insignificant. Project vessels will have approved Shipboard Oil Pollution Emergency Plans (SOPEPs) and carry additional equipment to contain and clean up a spill if one does occur.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

11. Socioeconomics

Impact

Original Proposed Routes: Potential economic effects on fishermen as described for commercial and recreational fishing above (Class II).

Maximum Burial Alternative Routes: Impacts reduced relative to original proposed routes, but still significant (Class II).

Use of *MSV Seaspread* and 2 in 2 Option: Impacts similar to Maximum Burial Routes (Class II).

Cumulative Impacts: Cumulative impacts potentially significant, mitigable by same measures (Class II).

Mitigation Measure

CRF-1 To mitigate impacts on commercial and recreational fishing resulting from the China-U.S. project, the following measures shall be implemented:

a. Throughout the life of the project, AT&T will adhere to the noticing procedures that are specified in the project description (section 2.10.7).

b. AT&T will participate in and fund the operations of the Morro Bay Joint Cable/Fisheries Liaison Committee. The purpose of the Committee is to discuss and resolve issues relating to telecommunications cables owned and operated by the cable companies, including AT&T, along the California coast adjacent to Morro Bay.

c. AT&T cables will be buried to a target depth of .6 – 1 meter to avoid entanglement with gray whales and to avoid gear entanglement with bottom trawlers.

d. The timing and methods of construction and installation of the individual cables will be determined by AT&T in consultation with the Committee to avoid or minimize any negative impacts to the fishing industry.

e. A Committee fisherman representative will be offered the opportunity to be on board the cable installation vessel to observe cable installation.

f. Following installation of the cables, AT&T will provide cable "as built" coordinates to the fishermen in writing, electronically, and on navigational charts.

g. The cable owner shall conduct post-lay cable burial verification survey at least every 12 months, but not to exceed 24 months, if the extension of time avoids the winter season, or after any events that may cause buried cable to daylight. The survey shall be conducted by an

ROV equipped with video and still cameras and by a third party agreed-to by the permitting agencies. A report providing verification of cable burial, including depth, shall be submitted to the State Lands Commission. The cable owner must submit for approval to the State Lands Commission staff, a plan for remediating any segments where conflicts occur, or are likely to occur, as soon as possible, but not to exceed 30 days after survey completion. This plan shall include a proposed schedule for completion of the necessary work, including gear retrieval (copies of the videotapes recording the verification will be provided to the Committee, the CSLC, and the CCC).

h. Each licensed fisherman owning and operating vessels engaged in trawl fishing in the area of the proposed cables who signs the Fishing Agreement will receive a payment from the participating cable companies for upgrading communication and navigation equipment.

i. AT&T, either independently or in conjunction with other cable companies, will provide a 24-hour toll-free telephone "hotline" to receive calls from fishermen who believe they have snagged gear on a telecommunications cable.

j. In the event that a fisherman sacrifices gear in order to avoid injury to an AT&T submarine cable, AT&T will pay 100% of the gear equipment replacement costs, and will pay an additional 50% of those gear replacement costs to compensate the fisherman for loss of catch and fishing opportunity. The full amount of this payment shall be available to any fisherman who sacrifices gear in order to avoid injury to an AT&T submarine cable, regardless of whether the fishermen has signed the Fishing Agreement.

k. AT&T will release any claims that it might have for damage to cables against fishermen that comply with the terms of the applicable Fishing Agreement and the Fishing Vessel Operating Procedures established by the Committee.

l. Upon the expiration or sooner termination of this Lease as outlined in Paragraph 12, Section 4 ("Restoration of Lease Premises"), Lessee shall remove all conduit and inactive cable from the Mean High Tide Line (MHTL) to a water depth of 1,000 fathoms. Prior to removal of any conduit or cable, Lessee shall submit to Lessor plans and specifications that describe the proposed removal process. No removal activity may be undertaken unless and until Lessor approves the removal plan. Lessor may require Lessee to provide side scan data in order to verify complete removal of the cable to a water depth of 1,000 fathoms.

Residual Impacts

Implementation of the above measure would reduce the impact to a less than significant level.

Findings

Mitigation measures and features incorporated into the proposed project will reduce the significant environmental effect as identified in the DEIR to a less than significant level.

The same Findings apply to the use of the *MSV Seaspread* and the 2 in 2 Option.

Supportive Evidence

As discussed in the DEIR, the proposed project's potential socioeconomic impacts are related to its effects on commercial and recreational fishing. Fishing contributes significantly to the local

economy, such that an adverse impact on fishing would, in addition to the effect on individual fishermen, likely have secondary or indirect impacts on other businesses. The potential impact is considered significant.

The DEIR reviews the nature of fishing in the Morro Bay region and the evidence of potential conflicts between fishing and the installation and long-term presence of fiber optic cables on the seafloor. The analysis recognizes that relatively short-term or local impacts on fishing can affect the economics of fishing and the viability of fishing as a business for individual fishermen, and that this, in turn, can affect local ports (Morro Bay Harbor and Port San Luis Harbor) and area businesses. The three primary mechanisms of potential impact are (1) short-term preclusion of access to fishing grounds during cable installation; (2) reduced profitability of fishing if fishermen avoid areas where cables are placed due to concerns over gear loss or liability for cable damage in the event that gear becomes entangled in a cable; and (3) economic losses incurred if gear does become entangled on a cable. As noted above, these impacts are less for the Maximum Burial routes that are now proposed, although the same mitigation measures apply.

AT&T and the CSLC have considered input from the fishing community in Morro Bay and agreed upon the mitigation measures listed under CRF-1 above to mitigate impacts. These mitigation measures are consistent with the terms of a Fishing Agreement between the cable companies and fishing interests in Morro Bay, but are independently enforceable as mitigation measures under CEQA. As discussed in the DEIR, each of these measures contributes to the reduction of potential conflicts with fishing.

The mitigation measures collectively minimize the short-term impact of preclusion during cable installation; they increase the certainty of cable burial; they allow fishermen to be better informed as to cable locations and the status of burial; they remove potential disincentives to fishing in locations where cables are present; they provide procedures to be followed to minimize potential losses to both fishers and the proposed project; and they provide mechanisms for gear replacement and compensation for lost fishing time if gear is snagged on a cable. These measures applied to the proposed project would reduce impacts on fishing, and the related socioeconomic effects on area ports and businesses, to a level of insignificance.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

12. Other Resources

Impact

Original Proposed Routes: No effect on utilities; insignificant effect on onshore traffic associated with cable installation (Class III).

Maximum Burial Alternative Routes: Similar to original proposed routes (Class III).

Use of *MSV Seaspread* and 2 in 2 Option: Impacts similar to original and Maximum Burial Routes (Class III).

Cumulative Impacts: Cumulative impacts less than significant (Class III).

Mitigation Measure

None.

Residual Impacts

Not applicable.

Findings

Impacts are not identified as significant, therefore, no mitigation is necessary.

Supportive Evidence

No disruption of utility services or removal or rerouting of utility lines would result. No lane closures, impedance of traffic flow, or permanent damage to traffic control systems would occur.

As discussed in the Finalizing Addendum (March 2000), Project Implementation Options, the same conclusions apply to use of the *MSV Seaspread* and the 2 in 2 Option.

EXHIBIT B

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 1 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
Air Quality				
Original routes: Short-term exceedance of San Luis Obispo County APCD thresholds during cable installation (Class II). **Proposed Maximum Burial Alternative Routes:** Impacts similar to those of the original routes (Class II), with same mitigation measures. Cumulative impacts less than significant (Class III)	**AQ-1:** The injection timing on diesel-powered vessels will be retarded 4° prior to and throughout cable installation with the exception of the main cable ships which will be operated at 3° retardation. These measures will produce a 20-25 percent reduction in emissions of nitrogen oxides (NOx).	Less than significant with AQ-1 through AQ-4 (Class III)	AT&T installation contractor to provide SLO APCD with mechanic's records documenting application of emission reduction strategies. Prior to installation, provide the SLO APCD with project schedules and equipment lists.	SLO APCD
	AQ-2: Onshore equipment will use low-sulfur/low-aromatic diesel fuel as designated by the ARB. Ocean vessels will burn low-sulfur diesel fuel as designated by the EPA.	Less than significant with AQ-1 through AQ-4 (Class III)	AT&T installation contractor to provide fuel tickets or other evidence of use of approved fuels to SLO APCD prior to and continuing during construction.	SLO APCD
	AQ-3: With the exception of marine vessel injection timing retard (AQ-1), all diesel powered construction equipment will be properly tuned, well maintained, and operated within manufacturer's specifications.	Less than significant with AQ-1 through AQ-4 (Class III)	AT&T installation contractor to provide equipment list and documentation of compliance to SLO APCD prior to and continuing during construction.	SLO APCD
	AQ-4: AT&T will contribute $6,000 to a San Luis Obispo County APCD program, based on the average costs of air quality offsets provided by the APCD to offset NOx emissions.	Less than significant with AQ-1 through AQ-4 (Class III)	AT&T to provide funds to SLO APCD.	SLO APCD
Geology				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 2 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
Original routes: Disturbance of seafloor substrates (Class III). **Proposed Maximum Burial Alternative Routes:** Impacts on rocky substrate substantially less (Class III). Cumulative impacts less than significant (Class III)	**None**	N/A	N/A	N/A
Water Quality				
Original routes: Small-scale, temporary increases in turbidity during cable installation (Class III); potential spills from vessels mitigated by project operating procedures and spill contingency plans (Class III). **Proposed Maximum Burial Alternative Routes:** Impacts similar to original routes (Class III). Cumulative impacts less than significant (Class III).	**None**	N/A	N/A	N/A
Biology				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 3 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
Original routes: No impacts on terrestrial resources. Localized, mostly temporary disturbance of seafloor habitats (Class III), but 1,224 m^2 impact on high-relief rocky substrates would be significant and unmitigable (Class I). Possible anchor impacts on high relief rocky substrates (Class II). **Proposed Maximum Burial Alternative Routes:** Impacts similar to original routes, except that impact on high-relief rocky substrate is limited to $9m^2$ (Class III). Same mitigation applies for anchor impacts (Class II). Cumulative impacts less than significant (Class III)	**MB-1:** Based on the most detailed and current maps of seafloor substrate conditions available, high-relief areas that could be subject to disturbance from anchoring by project vessels will be mapped with coordinate locations specified and designated as " no-anchor zones" on final approved plans for cable installation. These areas will continue to be shown on as-builts and project maps that could be used in future repair or abandonment activities.	Anchor impact less than signif-icant (Class III). (Impact on high-relief mitigated by adoption of Maxi-mum Burial Alternative Routes.)	Project plans submitted by AT&T to CSLC and CCC for approval prior to construction.	CSLC/ CCC
Possible risk of injury to marine mammals during cable installation (Class III).	**MB-2:** A marine mammal training video or photographic presentation shall be reviewed by all shipboard personnel involved with cable operations to emphasize the types of mammals that may occur in the project area, general habits and distribution, and methods to avoid impacts. Included in the presentation shall be a listing of contact numbers to report marine mammals in distress, and a requirement to make a verbal report if any such mammals are observed during project operations.	Less than significant (Class III)	CSLC and CCC to review and approve training materials and observer protocols, prior to construction.	CSLC/ CCC

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan

Impact & Significance Class [1]	*Mitigation Measure* *(Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
(see above)	**MB-3:** A biologist familiar with marine mammal behavior shall be present during installation and repair activities to observe for marine mammals that approach the project area. The observer shall be authorized to call a halt to project activities that pose a risk of injury to marine mammals.	Less than significant (Class III)	Agencies must approve qualifications of observer and procedures to be followed prior to construction. A Marine Mammal monitoring report submitted to NMFS, CDFG, CCC, and CSLC subsequent to completion of installation activities.	CSLC/ CCC/ NMFS/ CDFG
Cultural Resources				
Original routes: Potential disturbance to previously unknown shipwrecks, mitigable by avoidance (Class II). **Proposed Maximum Burial Alternative Routes:** Similar to original routes, potential impact mitigable by avoidance (Class II). Cumulative impacts less than significant (Class III).	**CR-1:** Prior to the pre-lay grapnel run and cable installation, the applicant shall provide a detailed analysis by a qualified marine archaeologist of side scan sonar and magnetometer data for the cable route between the shoreline and the 3-nm limit. The analysis shall identify and analyze all magnetic and side scan sonar anomalies that occur in the cable corridor, which is defined by a lateral distance of 0.5 km on each side of the proposed cable route. The analysis shall also include investigation of the potential cultural significance of each anomaly identified within the cable corridor that cannot be avoided. The applicant must submit the side scan sonar and magne-tometer data, and an accompanying report, which analyzes the data. Final approval from the Commission staff must be received prior to the pre-lay grapnel run and cable installation.	Less than significant (Class III)	Marine Archaeologist's report, verification of resource avoidance, including route modifications if necessary to ensure resource avoidance, to be approved by CSLC, CCC.	CSLC/ CCC
Cultural Resources (continued)				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 5 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
(see above)	**CR-2:** Should a previously unknown shipwreck of potential cultural resource value be discovered within the proposed cable corridor as a result of the study required in CR-1, the proposed cable route or installation procedures shall be modified to avoid the potentially significant cultural resource.	Less than significant (Class III)		
Commercial and Recreational Fishing				
Original routes: Short-term localized preclusion of fishing during cable installation; potential economic losses if fishing is avoided over cables; potential economic losses due to gear entanglement on cables (Class II). **Proposed Maximum Burial Alternative Routes:** Impacts substantially less for maximum burial alternative routes, although same mitigation measures would apply (Class II). Cumulative impacts significant, mitigable through same measures (Class II).	**CRF-1:** To mitigate impacts on commercial and recreational fishing resulting from the China-U.S. project, the following measures shall be implemented: a. Throughout the life of the project, AT&T will adhere to the noticing procedures that are specified in the project description (section 2.10.7).	Less than significant (Class III)	Copies of *Notice to Mariners* submitted to CSLC/CCC	CSLC/ CCC (all measures)
	b. AT&T will participate in and fund the operations of the Morro Bay Joint Cable/Fisheries Liaison Committee. The purpose of the Committee is to discuss and resolve issues relating to telecommunications cables owned and operated by the cable companies, including AT&T, along the California coast adjacent to Morro Bay.	Less than significant (Class III)	AT&T to submit "Interim Agreement" with all up to date commitments, procedures, and signatures.	
Commercial and Recreational Fishing (continued)				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan

Impact & Significance Class [1]	*Mitigation Measure* *(Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
(see above)	c. Where feasible, AT&T cables will be buried to a depth of 3 feet (0.9 m) in areas between 3 miles from shore and 1,000 fathoms (1,800 m) water depth.	Less than significant (Class III)	AT&T to provide videotapes or other documentation of successful cable burial to CSLC and CCC within 60 days following installation.	
	d. The timing and methods of construction and installation of the individual cables will be determined by AT&T in consultation with the Committee to avoid or minimize any negative impacts to the fishing industry.	Less than significant (Class III)	AT&T and/or Committee provide record of discussions.	CSLC/ CCC (all measures)
	e. A Committee fisherman representative will be offered the opportunity to be on board the cable installation vessel to observe cable installation.	Less than significant (Class III)	AT&T and Committee verify that the opportunity was made available.	
	f. Following installation of the cables, AT&T will provide cable "as built" coordinates to the fishermen in writing, electronically, and on navigational charts.	Less than significant (Class III)	Documents demonstrating compliance submitted to CSLC and CCC by AT&T within 60 days following installation.	

Commercial and Recreational Fishing (continued)

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 7 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
(see above)	g. AT&T will conduct burial verification of the cables by Remote Operated Vehicle every 18 to 24 months and after any event that may affect the cables. Such inspection will occur within approximately 30 days after the event, depending on weather. "Event" for the purposes of this measure is defined as: an incident or activity (such as a gear snag), the circumstances of which indicate the likelihood that a cable has become unburied; or act of God, such as an earthquake in the vicinity of the cables measuring 5.0 or greater on the Richter scale that could cause deformation of the sea floor or underwater land slides, or an unusually severe storm or tidal wave that could cause excessive ocean floor scouring. Copies of the videotapes recording the verification will be provided to the Committee, the CSLC, and the CCC.	Less than significant (Class III)	Copies of videotapes provided to CSLC and CCC by AT&T within 60 days following installation.	
	h. Each licensed fisherman owning and operating vessels engaged in trawl fishing in the area of the proposed cables who signs the Fishing Agreement will receive a payment from the participating cable companies for upgrading communication and navigation equipment.	Less than significant (Class III)	AT&T to provide records of payments to fishermen to CSLC and CCC.	
	i. AT&T, either independently or in conjunction with other cable companies, will provide a 24-hour toll-free telephone "hotline" to receive calls from fishermen who believe they have snagged gear on a telecommunications cable.	Less than significant (Class III)	AT&T to provide hotline number and description of response process to CSLC and CCC.	CSLC/ CCC (all measures)
Commercial and Recreational Fishing (continued)				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 8 of 10)

Impact & Significance Class [1]	*Mitigation Measure* *(Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
	j. In the event that a fisherman sacrifices gear in order to avoid injury to an AT&T submarine cable, AT&T will pay 100% of the gear equipment replacement costs, and will pay an additional 50% of those gear replacement costs to compensate the fisherman for loss of catch and fishing opportunity. The full amount of this payment shall be available to any fisherman who sacrifices gear in order to avoid injury to an AT&T submarine cable, regardless of whether the fishermen has signed the Fishing Agreement.	Less than significant (Class III)	AT&T provide records of all gear claims and their resolution to CSCL and CCC.	
	k. AT&T will release any claims that it might have for damage to cables against fishermen that comply with the terms of the applicable Fishing Agreement and the Fishing Vessel Operating Procedures established by the Committee.	Less than significant (Class III)	AT&T provide copies of applicable agreement and operating procedures, as signed, to CSLC and CCC.	
	l. When the cables to be installed are taken out of service, AT&T will submit a plan for their removal so as not to interfere with commercial fishing activities in areas where such cables were previously installed.	Less than significant (Class III)	AT&T submit plan for cable removal to CSLC and CCC prior to lease expiration or taking cables out of service	
Land Use and Recreation				
Original Routes: Potential short-term interference with recreation at the Sandspit Parking Lot (Class II). **Proposed Maximum Burial Alternative Routes:** Impact similar to original routes (Class II). Cumulative impacts significant due to multiple projects' use of the parking lot (Class II).	**REC-1:** Prior to cable installation, AT&T shall obtain the approval of the Department of Parks and Recreation and the staff of the State Lands Commission for the scheduling and location of project activities at the parking lot, incorporating measures to ensure the availability of parking, restrooms, and pedestrian access to the beach during project activities.	Less than significant (Class III)	Approved schedule for installation provided in writing.	CDPR
Aesthetics and Noise				

Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
Original routes: Temporary noise and the presence of working equipment and workers during cable installation (Class III). **Proposed Maximum Burial Alternative Routes:** Impacts similar to original routes (Class III). Cumulative impacts less than significant (Class III).	**None**	N/A	N/A	N/A
Marine Transportation				
Original routes: Localized, short-term interference with vessel traffic, similar for proposed and maximum burial alternative routes; mitigated by proposed noticing procedures (Class III). **Proposed Maximum Burial Alternative Routes:** impact similar to original routes (Class III). Cumulative impacts less than significant (Class III).	**None**	N/A	N/A	N/A
System Safety/Risk of Upset				
Original routes: Low likelihood of accidents, none with potentially severe consequences (Class III). **Proposed Maximum Burial Alternative Routes:** impact similar to original routes (Class III). Cumulative impacts less than significant (Class III).	None	N/A	N/A	N/A
Socioeconomics				

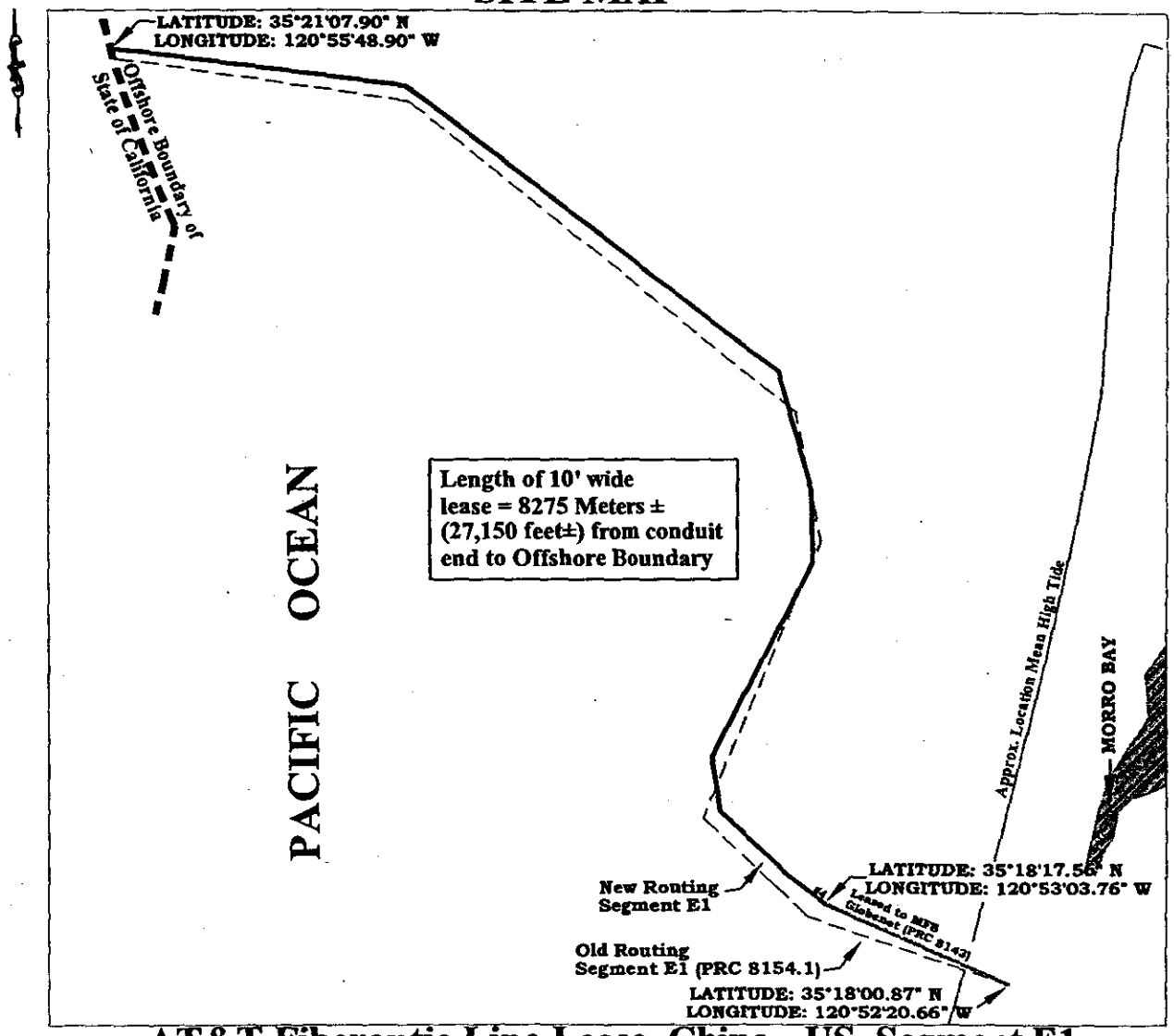
Table B-1: Summary of Impacts, Mitigation Measures, and Mitigation Monitoring and Reporting Plan
(Page 10 of 10)

Impact & Significance Class [1]	*Mitigation Measure (Changes from DEIR shown as strikeouts [deleted text] or underlined text [additions])*	*Significance after Mitigation*	*Monitoring or Documentation Required*	*Responsible Party*
Original routes: Potential economic effects on fishermen as described for commercial and recreational fishing above (Class II). **Proposed Maximum Burial Alternative Routes:** Impacts reduced relative to original routes, but still significant (Class II). Cumulative impacts potentially significant, mitigable by same measures (Class II).	See mitigation measures above for commercial and recreational fishing (**CRF-1**)	Less than significant (Class III)	See CRF-1 above	CSLC/ CCC
Other Resources				
Original routes: No effect on utilities; insignificant effect on onshore traffic associated with cable installation (Class III). **Proposed Maximum Burial Alternative Routes:** Similar to original routes (Class III). Cumulative impacts less than significant (Class III).	**None**	N/A	N/A	N/A

1. Class I = significant but not mitigable to less than significant; Class II = significant but mitigable to less than significant; Class III = less than significant.

NO SCALE

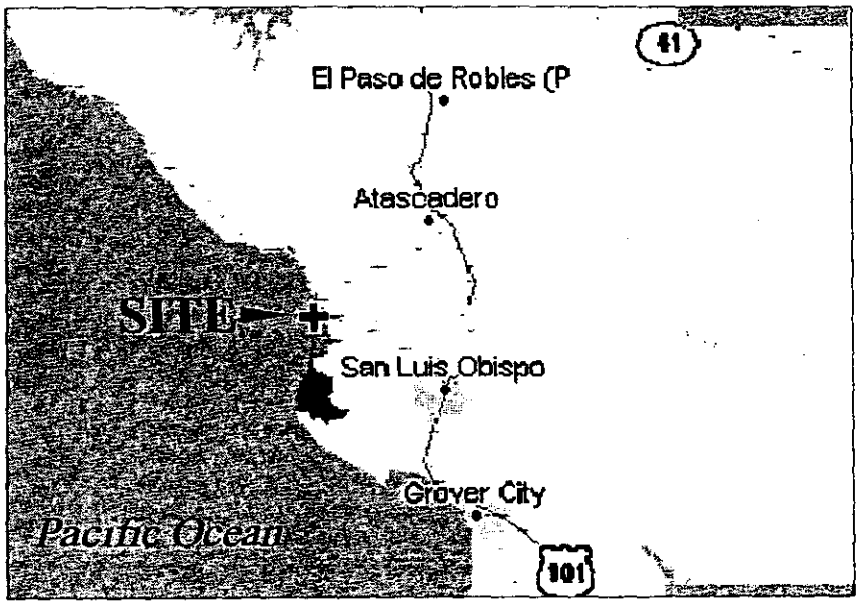
SITE MAP



AT&T Fiberoptic Line Lease China - US Segment E1

LOCATION MAP

NO SCALE



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

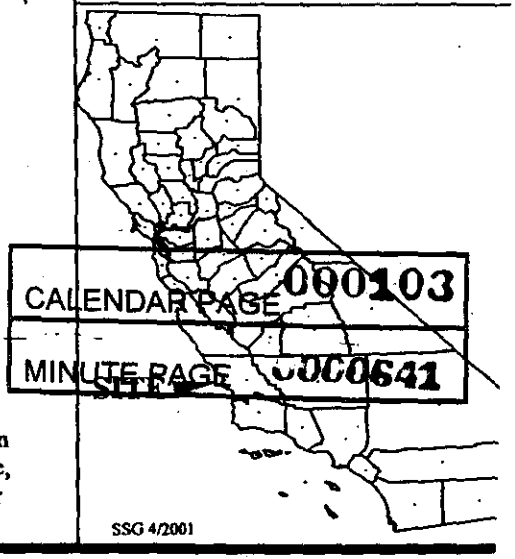
EXHIBIT C

W 25761

Pacific Ocean

West of Morro Bay

SAN LUIS OBISPO COUNTY



CALENDAR PAGE 000103

MINUTE PAGE 000641

SSG 4/2001

MFS GLOBENET
EMPTY CONDUIT #4
January 25, 2000
W 25495

EXHIBIT D

LAND DESCRIPTION

A ten foot wide strip of tide and submerged lands in the bed of the Pacific Ocean, San Luis Obispo County, State of California, the centerline of said strip more particularly described as follows:

BEGINNING at a point at Latitude 35°18'01.38" North, Longitude 120°52'20.34" West; thence along said centerline in a straight line to its terminus at Latitude 35°18'17.56" North, Longitude 120°53'03.76" West.

EXCEPTING THEREFROM any portion of said ten-foot wide strip centerline lying landward of the Ordinary High Water Mark of the Pacific Ocean.

The sidelines of said ten foot wide strip shall be extended or shortened to terminate at the said Ordinary High Watermark of the Pacific Ocean.

The basis of coordinates for this description is WGS84 ellipsoid.

END OF DESCRIPTION

RL;rl

LICENSED LAND SURVEYOR
ROBERT ERNEST LEA
Exp.
STATE OF CALIFORNIA

CALENDAR PAGE 000104
MINUTE PAGE 000642
No. 4589

AT&T
China-U.S.A.
Segment E1
W 25761

EXHIBIT E

LAND DESCRIPTION

A ten foot wide strip of tide and submerged lands in the bed of the Pacific Ocean lying easterly and landward of the State of California Offshore Boundary, San Luis Obispo County, State of California, the centerline of said strip more particularly described as follows:

BEGINNING at a point at Latitude 35°18' 17.56" North, Longitude 120°53' 03.76" West; thence along said centerline as defined by the following points:

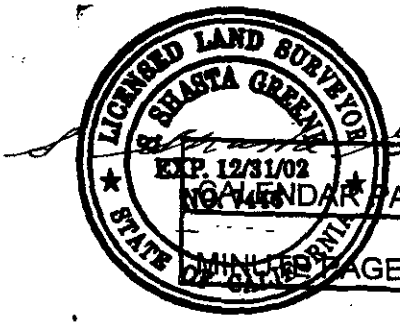
Latitude 35° 18' 23.5" North, Longitude 120° 52' 12.7" West;
Latitude 35° 18' 36.0" North, Longitude 120° 53' 28.2" West;
Latitude 35° 18' 41.3" North, Longitude 120° 53' 29.1" West;
Latitude 35° 18' 46.8" North, Longitude 120° 53' 30.0" West;
Latitude 35° 18' 52.0" North, Longitude 120° 53' 26.6" West;
Latitude 35° 18' 56.0" North, Longitude 120° 53' 23.9" West;
Latitude 35° 19' 22.9" North, Longitude 120° 53' 06.1" West;
Latitude 35° 19' 24.6" North, Longitude 120° 53' 05.0" West;
Latitude 35° 19' 38.7" North, Longitude 120° 53' 05.0" West;
Latitude 35° 20' 02.1" North, Longitude 120° 53' 12.3" West;
Latitude 35° 20' 59.4" North, Longitude 120° 54' 39.5" West;
Latitude 35° 21' 03.8" North, Longitude 120° 55' 15.3" West;
Latitude 35° 21' 07.9" North, Longitude 120° 55' 48.9" West,
said point being on said Offshore Boundary, and there terminating.

The sidelines of said 10 foot wide strip of tide and submerged lands to be prolonged or shortened as needed to meet at angle-point intersections and to terminate at said Offshore Boundary.

EXCEPTING THEREFROM any portion of said ten-foot wide strip centerline lying landward of the Ordinary High Water Mark or westerly of said Offshore Boundary.

The basis of the geographic coordinates for this description is the North American Datum of 1983 (NAD 83).

Prepared in April, 2001.



CALENDAR PAGE 000105
MINUTE PAGE 0000643