

MINUTE ITEM

This Calendar Item No. ~~009~~ was approved as
Minute Item No. 08 by the California State Lands
Commission by a vote of 3 to 0 at its
2-21-03 meeting.

**CALENDAR ITEM
C08**

A 10
S 14

02/21/03
PRC 8442 W 25886
L. Burks

GENERAL LEASE - RIGHT OF WAY USE

APPLICANTS:

CalPeak Power, LLC and CalPeak Power – Midway, LLC
7365 Mission Gorge Road
San Diego, California 92120

AREA, LAND TYPE, AND LOCATION:

0.04 acres, more or less, of tide and submerged lands in the Mokelumne River,
near the city of Lodi, San Joaquin County.

AUTHORIZED USE:

Installation of a horizontal directionally drilled 10-inch diameter low pressure
natural gas pipeline under the Mokelumne River from CalPeak's proposed power
plant site that interconnects with PG&E's Line 197.

LEASE TERM:

20 years, beginning February 21, 2003.

CONSIDERATION:

\$100 per year; with the State reserving the right to fix a different rent periodically
during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance: Lessee shall maintain limits of no less than:

General Liability in the amount of \$1,000,000 each occurrence limit (plus defense
costs) subject to a \$1,000,000 products/completed operations aggregate and a
\$5,000,000 general aggregate; an umbrella policy that affords a \$15,000,000
limit and an excess umbrella that provides an additional limit of \$35,000,000.

Bond:

\$15,000.

CALENDAR ITEM NO. C08 (CONT'D)

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. CalPeak Power, LLC, through its subsidiary, CalPeak Power – Midway, LLC (CalPeak Power) proposes to construct and operate a nominal net 49 megawatt (MW) “simple-cycle” power plant referred to as Lodi Electric Energy Facility (LEEF). The plant will be constructed on property owned by the city of Lodi. CalPeak Power will own and operate the power plant. Construction of the 3.1 miles of pipeline will facilitate the operation of a new peak load power generation facility. Due to California’s electricity supply problems, there is a clear need for peak-load and intermediate-lower power generation and transmission. This facility will be adjacent to the Fred M. Reid Industrial Substation that is on the same site. Building this power plant will ensure a more reliable supply of electricity for Central Valley communities, including the city of Lodi, and reduce supply cumulative demands on the regional electricity grid. In addition, CalPeak Power – Midway LLC will make available to the Department of Water Resources electric capacity and energy from the Facility, with respect to its responsibilities pursuant to California Water Code Section 80000 et seq. regarding Department of Water Resources Electric Power Fund separate and apart from its powers and responsibilities with respect to the State Water Resources Development System.
3. A Mitigated Negative Declaration was prepared and adopted for this project by city of Lodi. The California State Lands Commission’s staff has reviewed such document.
4. A Mitigation Monitoring Program was adopted by the city of Lodi.

APPROVALS OBTAINED:

City of Lodi; San Joaquin County; San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD)/California Air Resources Board (CARB); State Water Resources Control Board (SWRCB) and Central Valley Regional Water Quality Control Board (Region 5); State Reclamation Board; California Department of Fish and Game; Caltrans/United States Department of Transportation; California Department of Health Services; United States Army Corps of Engineers; United States Fish and Wildlife Service (USFWS); Environmental Protection Agency (CPA) Region IX; and National Marine Fisheries Service.

EXHIBITS:

- A. Site Plan and Location Map
- B. Notice of Determination (city of Lodi)

CALENDAR ITEM NO. C08 (CONT'D)

PERMIT STREAMLINING ACT DEADLINE:

August 1, 2003

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT A MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY THE CITY OF LODI AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED ON FILE IN THE OFFICES OF THE CALIFORNIA STATE LANDS COMMISSION.

SIGNIFICANT LANDS INVENTORY FINDING:

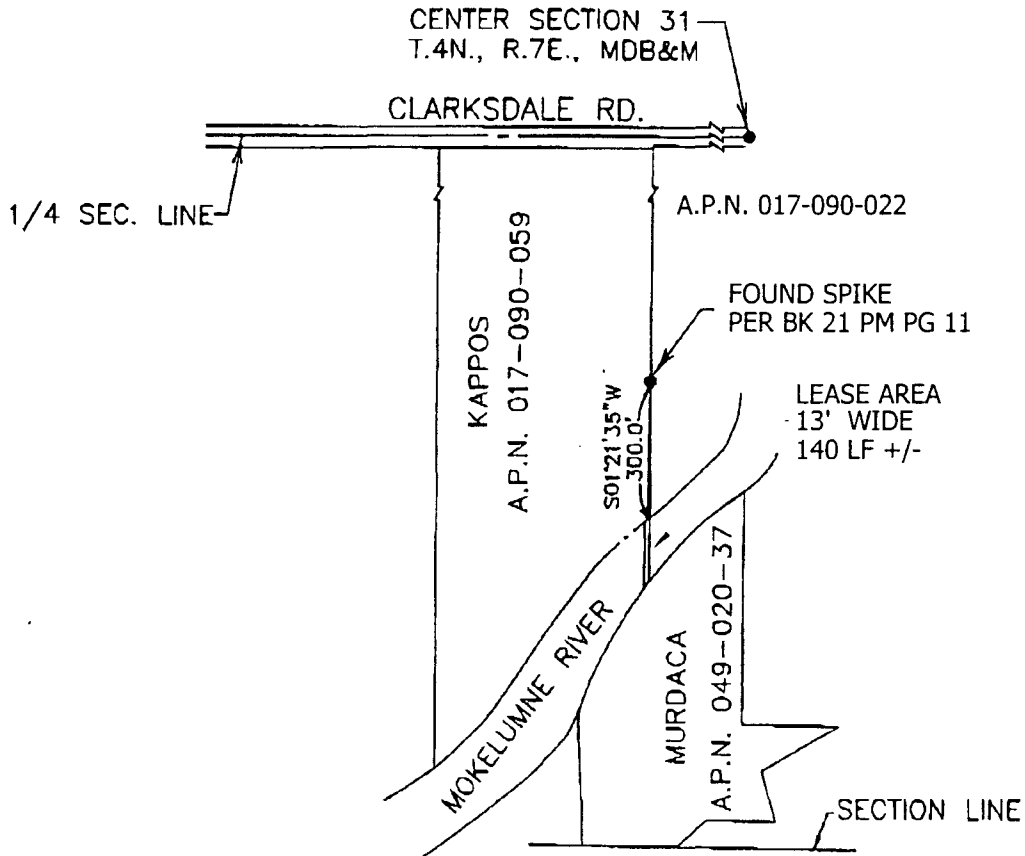
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO CALPEAK POWER, LLC AND TO IT'S SUBSIDIARY, CALPEAK POWER-MIDWAY, LLC. OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING FEBRUARY 21, 2003, FOR A TERM OF 20 YEARS, FOR INSTALLATION OF A NATURAL GAS PIPELINE ON THE LAND SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$100, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; GENERAL LIABILITY IN THE AMOUNT OF \$1,000,000 EACH OCCURRENCE LIMIT (PLUS DEFENSE COSTS) SUBJECT TO A \$1,000,000 PRODUCTS/COMPLETED OPERATIONS AGGREGATE AND A \$5,000,000 GENERAL AGGREGATE; AN UMBRELLA POLICY THAT AFFORDS A \$15,000,000 LIMIT AND AN EXCESS UMBRELLA THAT PROVIDES AN ADDITIONAL LIMIT OF \$35,000,000; SURETY BOND IN THE AMOUNT OF \$15,000.

NO SCALE

SITE MAP



Mokelumne River Crossing, San Joaquin County
Being a portion of Section 31, T.4N., R.7E., MDM

LOCATION MAP NO SCALE

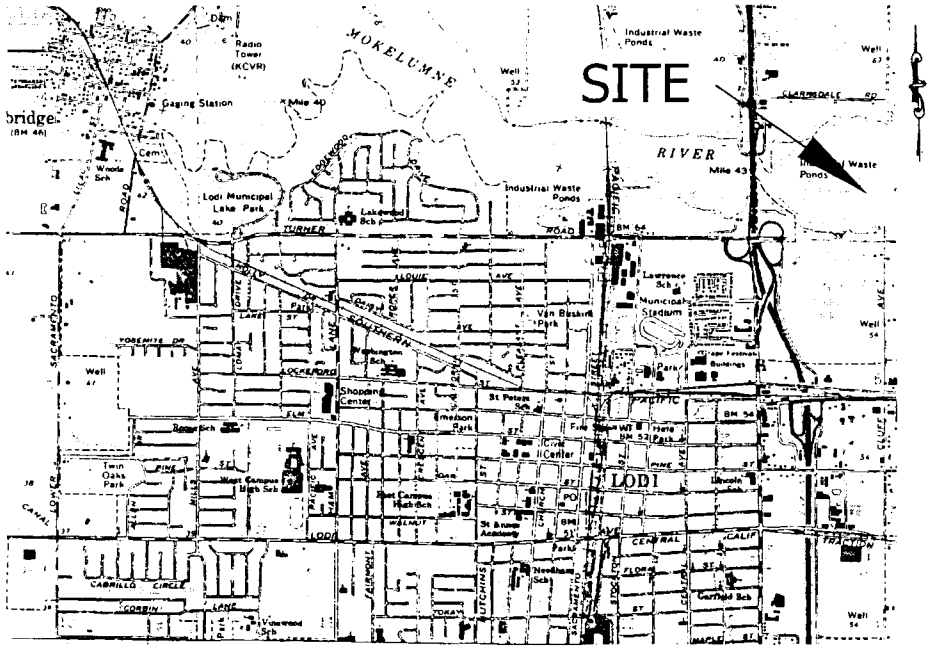


Exhibit A
W 25886
APN 017-090-059, 022
and APN 049-020-37
Cal Peak Power, LLC.
San Joaquin County



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the lessor 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.

CALENDAR PAGE MAP SOURCE: USGS QUAD

**EXHIBIT B
W 25886
CALPEAK POWER – MIDWAY LLC**

Notice of Determination

ASSESSOR RECORDER
COUNTY CLERK
GARY W. FREEMAN

Form C

To: Office of Planning and Research
PO Box 3044, 1400 Tenth Street, Room 3220
Sacramento, CA 95812-3044

02 DEC 12 PM 1:33
From: (Public Agency) City of Lodi
SAN JOAQUIN COUNTY
221 West Pine Street, PO Box 3006
Lodi, CA 95241-1910
(Address)

County Clerk
County of San Joaquin
6 South El Dorado Street, 2nd Floor
Stockton, CA 95202
BY [Signature] DEPUTY

Subject:

Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Lodi Electric Energy Facility
Project Title

2002102044 Konradt Bartlam 209-333-6711
State Clearinghouse Number Lead Agency Area Code/Telephone/Extension
(If submitted to Clearinghouse) Contact Person

1215 E. Thurman Street, Lodi CA 95240, San Joaquin County
Project Location (include county)

Project Description: Construct and operate a 49 MW electric generating facility on 2 acres of vacant land in the City of Lodi, and a 3-mile natural gas pipeline to provide fuel to the facility.

This is to advise that the City of Lodi has approved the above described project on 12-10-02 and has made the following determinations regarding the above described project:
 Lead Agency Responsible Agency
(Date)

1. The project will will not have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures were were not made a condition of the approval of the project.
4. A statement of Overriding Considerations was was not adopted for this project.
5. Findings were were not made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval is available to the General Public at:
Lodi Public Library, 201 West Locust St, Lodi, CA

[Signature] 12/11/02 Community Development Director
Signature (Public Agency) Date Title

1/14/03