

MINUTE ITEM

This Calendar Item No. C39 was approved as
Minute Item No. 39 by the California State Lands
Commission by a vote of a to p at its
10/30/07 meeting.

**CALENDAR ITEM
C39**

A 33, 02

10/30/07

S 15, 01

PRC 8154.1
PRC 8203.1
PRC 8204.1
PRC 8278.1
PRC 8143.1
PRC 8144.1
S.Young

AMENDMENT OF LEASES

LESSEE:

AT&T Corp.
Attn: Robert Wargo
One AT&T Way, Room 3D 151 F
Bedminster, New Jersey 07921

AREA, LAND TYPE, AND LOCATION:

Sovereign lands in the Pacific Ocean, offshore of the cities of Morro Bay and Los Osos, San Luis Obispo County and offshore of Manchester State Beach, Mendocino County.

AUTHORIZED USE:

Continued use and maintenance of existing offshore fiber optic telecommunication cable facilities.

LEASE TERM:

PRC 8154.1: Ten years, beginning April 20, 2000.
PRC 8203.1: Ten years, beginning July 1, 2000.
PRC 8204.1: Ten years, beginning, July 1, 2000.
PRC 8278.1: Ten years, beginning, April 20, 2001.
PRC 8143.1: Ten years, beginning, February 8, 2000.
PRC 8144.1: Ten years, beginning, February 8, 2000.

CONSIDERATION:

PRC 8154.1: \$118,814 per year.
PRC 8203.1: \$239,857 per year.
PRC 8204.1: \$96,697 per year.

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PRC 8278.1: \$135,750 per year.

PRC 8143.1: \$15,093 per year.

PRC 8144.1: \$15,093 per year.

The State reserving the right to fix a different rent periodically during the lease terms, as provided in each of the leases above.

PROPOSED AMENDMENT:

As to Lease Nos. PRC 8154.1, PRC, 8203.1, PRC 8204.1 and PRC 8278.1, amend the cable burial inspection survey interval to a five-year interval from the completion of the 2005 survey. All other terms and conditions of the lease shall remain in effect without amendment.

As to Lease Nos. PRC 8143.1 and PRC 8144.1, amend the leases to delete the cable burial inspection survey provision for the existing conduits. Any future proposed installation of a fiber optic cable in the conduit covered by PRC 8144.1, will require Commission authorization and, if approved, the issuance of separate lease with a provision for the cable burial inspection survey. All other terms and conditions of the leases shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the uplands adjoining the lease premises.
2. In 2000 and 2001, the Commission approved the issuance of four General Leases – Right of Way Use, Lease Nos. PRC 8154.1, PRC 8204.1 and PRC 8278.1, PRC 8143.1, to AT&T Corp., for installation of steel conduits and fiber optic cables located offshore of the cities Morro Bay and Los Osos , San Luis Obispo County.
3. On February 8, 2000, the Commission approved a General Lease – Right of Way Use, Lease No. PRC 8203.1, to AT&T, for five steel conduits and two fiber optic cables offshore of Manchester State Beach in Mendocino County. Also, on February 8, 2000, the Commission approved the issuance of a General Lease – Right of Way Use, Lease No. PRC 8144.1, to MFS Globenet, for a steel conduit located also offshore of Morro Bay. This lease was subsequently assigned to AT&T Corp. (AT&T), a wholly-owned subsidiary of SBC Communications.
4. AT&T has applied to amend the cable burial survey schedule provision for Lease Nos. PRC 8154.1, PRC 8203.1, PRC 8204.1, and PRC 8278.1 to

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extend the interval required between periodic burial inspections, from the current 18-24 months, to a five-year interval. Similar permit conditions exist with the California Coastal Commission (CCC) Coastal Development Permits (CDPs), for which AT&T is seeking similar survey extensions. Under the terms of the leases, AT&T will continue to furnish all survey results concurrently to the CSLC and the CCC.

In 2003 and 2005 AT&T conducted cable burial surveys and provided Burial Status Verification Survey Reports which indicated that in 2005, 1) the cable burial status had not appreciably changed between the 2003 and 2005 surveys or since 2001 when the cables were installed; and 2) no evidence of cable interaction with fishing gear or with marine mammals had been reported.

The proposed lease amendment would allow AT&T to extend the next date for routine cable integrity survey to five years after the most recently completed survey. Therefore, AT&T would conduct the next survey in 2010. A separate CSLC lease provision requires AT&T to conduct a survey, if any unusual event occurs, will remain in effect.

5. The Central California Joint/Cable Fisheries Liaison Committee and its fishing party members, who operate in Morro Bay and Port San Luis areas, have expressed support of the change to a five-year cable verification survey interval. The Committee and its members have indicated to staff that the proposed five-year surveys will be less costly and disruptive both to fishing and cable interests.
6. AT&T has also applied to amend Lease No. PRC 8143.1 and Lease No. PRC 8144.1 to delete the provision for the cable burial surveys for both of these leases. The survey requirement relates to and is only relevant for the maintenance of installed cables and not the conduits. Subsequent to the issuance of Lease No. PRC 8143.1, AT&T applied for a separate lease providing for installation of a cable within the conduit for Lease No. PRC 8143.1. The Commission approved the issuance of the associated cable lease, Lease No. PRC 8278.1. This lease does contain the survey provision which, as noted above, AT&T has requested an amendment of the survey interval to a five-year period.
7. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the

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staff has determined that this activity is exempt from the requirements of the CEQA under the general rule that the CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.

Authority: Title 14, California Code of Regulations, section 15061 (b) (3).

8. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. but such activity will not affect those significant lands.

EXHIBIT:

- A. Site Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 (b) (3).

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET. SEQ., BUT THAT SUCH ACTIVITY WILL NOT HAVE DIRECT OR INDIRECT EFFECT ON THOSE RESOURCES FOR WHICH SUCH LANDS ARE IDENTIFIED.

AUTHORIZATION:

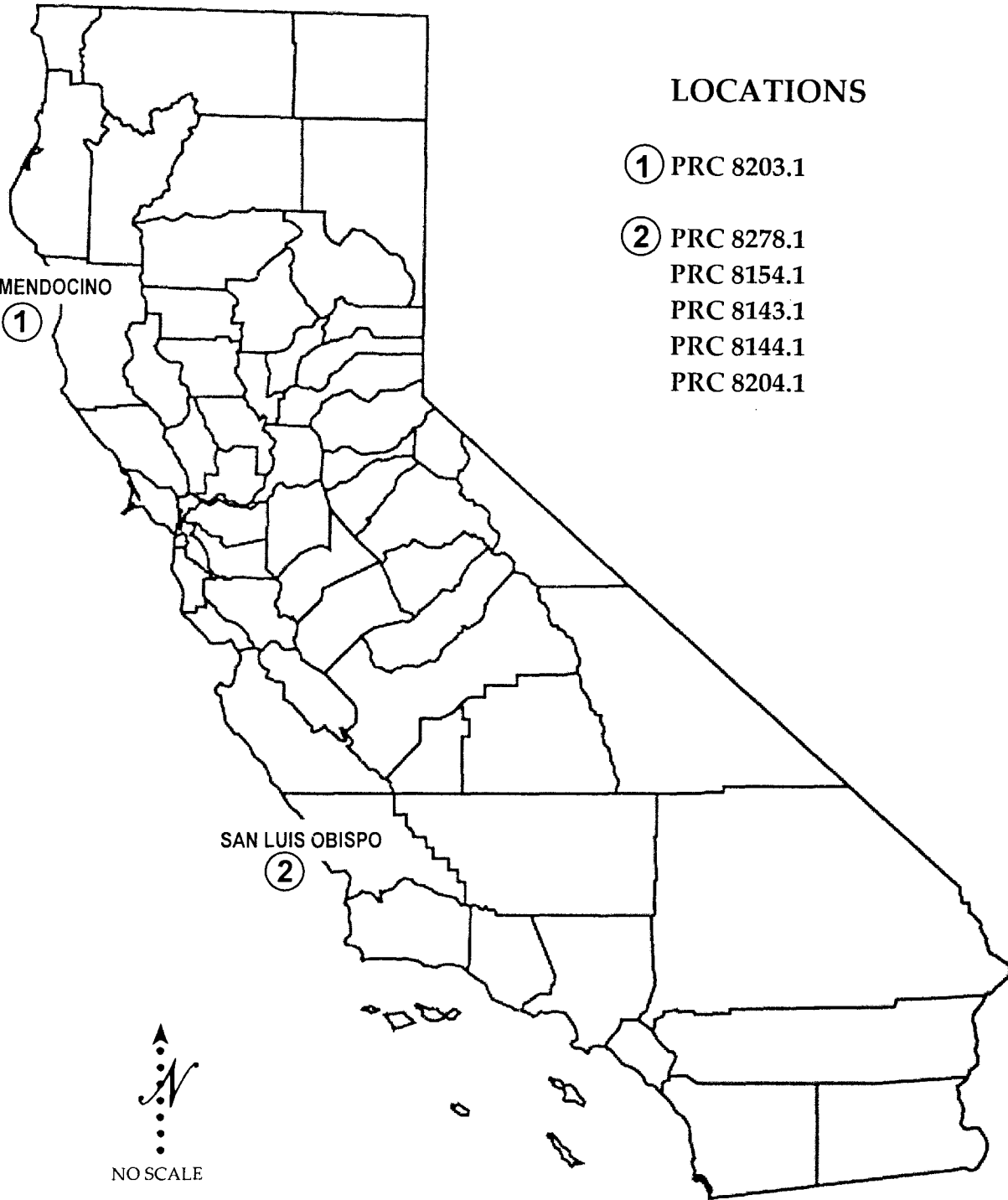
AUTHORIZE THE AMENDMENT OF LEASE NOS. PRC 8154.1, PRC 8203.1, PRC 8204.1 AND PRC 8278.1, GENERAL LEASES - RIGHT OF WAY USE OF SOVEREIGN LANDS IN THE GENERAL LOCATIONS SHOWN ON EXHIBIT A ATTACHED AND BY THIS

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REFERENCE MADE A PART HEREOF, EFFECTIVE OCTOBER 30, 2007, TO AMEND THE CURRENT 18-24 MONTH CABLE BURIAL INSPECTION SURVEY INTERVAL TO A FIVE-YEAR INTERVAL FROM THE COMPLETION DATE OF THE 2005 SURVEY; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8143.1, A GENERAL LEASE – RIGHT OF WAY USE OF SOVEREIGN LANDS IN THE GENERAL LOCATION SHOWN ON EXHIBIT A, ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE OCTOBER 30, 2007, TO DELETE THE CABLE BURIAL INSPECTION SURVEY PROVISION; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8144.1, A GENERAL LEASE – RIGHT OF WAY USE, OF SOVEREIGN LANDS IN THE GENERAL LOCATION SHOWN ON EXHIBIT A, ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE OCTOBER 30, 2007, TO DELETE THE CABLE BURIAL INSPECTION SURVEY PROVISION AS TO THE EXISTING EMPTY CONDUIT; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.



LOCATIONS

① PRC 8203.1

② PRC 8278.1
 PRC 8154.1
 PRC 8143.1
 PRC 8144.1
 PRC 8204.1

MENDOCINO

①

SAN LUIS OBISPO

②



Exhibit A

AT&T CORP.
 GENERAL LEASES
 RIGHT OF WAY USE
 Fiber Optic Cables

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.

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