

**CALENDAR ITEM
C19**

A 25, 29
S 14, 16

12/10/10
WP 8863.1
K. Foster

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

Gill Ranch Storage, LLC
220 NW Second Avenue
Portland, OR 97209

ASSIGNEE:

Pacific Gas and Electric Company
245 Market Street, N10A
San Francisco, CA 94105

LAND TYPE AND LOCATION:

Sovereign lands in the San Joaquin River and Fresno Slough, near the town of Mendota, Madera and Fresno Counties.

AUTHORIZED USE:

Construction, use, operation, and maintenance of a 30-inch diameter steel natural gas pipeline.

LEASE TERM:

20 years, beginning February 1, 2010.

CONSIDERATION:

\$275 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Assignee has the right to use the uplands adjoining the lease premises.
2. On February 1, 2010, the Commission authorized the issuance of Lease No. PRC 8863.1 to Gill Ranch Storage, LLC (Lessee/Assignor) for the construction, use, operation, and maintenance of a 30-inch steel natural gas pipeline passing below the beds of the San Joaquin River and Fresno Slough in Madera and Fresno Counties.

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3. The pipeline construction project is complete and links Pacific Gas and Electric Company's (PG&E) existing Line 401 pipeline near Interstate 5 with a compressor station located at the Gill Ranch Storage Field, an area of depleted natural gas reservoirs to be used for gas storage. The lessee is now requesting authorization to assign a 25% undivided interest in the lease to PG&E.
4. Land uses along the 27-mile long pipeline corridor are primarily agricultural or agricultural processing facilities, but also include the Mendota Wildlife Management Area and the Alkali Sink Ecological Reserve. The pipeline corridor passes approximately two miles south of the town of Mendota. The Gill Ranch Gas Field is located approximately eight miles southeast of the town of Firebaugh.
5. Pursuant to the Commission's delegation of authority and State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], staff has determined this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

6. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission declared that all tide and submerged lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code sections 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

EXHIBIT:

- A. Location and Site Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

It is recommended that the Commission:

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CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

Authorize the Assignment of a 25% undivided interest in Lease No. PRC 8863.1, a General Lease – Right of Way Use, of sovereign lands in the San Joaquin River and Fresno Slough, as shown on Exhibit A (for reference purposes only), from Gill Ranch Storage, LLC to Pacific Gas and Electric Company; effective December 10, 2010.