

**CALENDAR ITEM  
C14**

A 11  
S 7

04/06/11  
PRC 4444.1  
V. Caldwell

**REVISION OF RENT**

**LESSEES:**

Mirant Delta, LLC

**AREA, LAND TYPE, AND LOCATION:**

58.736 acres, more or less, of sovereign land located in the Sacramento River, at the Pittsburg Power Plant, near the city of Pittsburg, Contra Costa County.

**AUTHORIZED USE:**

Continued use and maintenance of an existing cooling water intake and discharge structure and wharf: 12-inch diameter water intake and discharge pipeline; approximately 700-foot wide industrial wharf consisting of a 350-foot long barge dock, a 100-foot long barge dock, and various other facilities ancillary to a condenser cooling water system as shown on Exhibit A.

**LEASE TERM:**

20 years, beginning May 1, 2006.

**CONSIDERATION:**

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that the rent be revised from \$74,238 per year to \$111,545 per year, effective June 20, 2011.

The recommended rent is based on adjustment of the prior rent by application of the Consumer Price Index (CPI). The adjustment does not obligate the Commission to use the CPI to adjust future rents.

**OTHER PERTINENT INFORMATION:**

1. The State Lands Commission (Commission) issued a General Lease – Industrial Use Lease No. PRC 4444.1, to Pacific Gas & Electric Company (PG&E) beginning June 21, 1980, for a term of 35 years.

CALENDAR ITEM NO. **C14** (CONT'D)

2. On April 13, 1999, the Commission authorized an assignment of General Lease –Industrial Use, Lease No. PRC 4444.1, from PG&E to Southern Energy Delta, LLC, a Delaware Limited Liability Company. On May 30, 2001, staff was notified of a name change from Southern Energy Delta, LLC to Mirant Delta, LLC.
3. On December 3, 2010, staff was informed that Mirant Delta LLC merged with RRI Energy to form GenOn Energy Inc. A contractor representing GenOn Energy has contacted the Commission’s Marine Facilities Division to discuss the possibility of bringing back into operation the wharf and upland tank farm. Staff is currently reviewing the Corporate structure to see if an assignment to the lease is required. The lease will expire June 20, 2015.

**EXHIBITS:**

- A. Site and Location Map
- B. Land Description

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**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:**

Approve the revision of rent for Lease No. PRC 4444.1 from \$74,238 per year to \$111,545 per year, effective June 20, 2011.