

**CALENDAR ITEM
C70**

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09/01/11
PRC 8647.2, W 26302
J. Porter
C. Huitt

**CONSIDER ACCEPTANCE OF A QUITCLAIM AND ISSUANCE
OF A GENERAL LEASE – RIGHT-OF-WAY USE**

LESSEE:

Plumas-Sierra Rural Electric Cooperative, Inc.
73233 State Route 70, Suite A
Portola, CA 96122-7069

AREA, LAND TYPE, AND LOCATION:

54.58 acres, more or less, of Indemnity school lands located in Sections 3, 10, 11 and 12, Township 26 North, Range 16 East and Section 7, Township 26 North, Range 17 East, MDM, south of Herlong, Lassen County.

AUTHORIZED USE:

Construction, use, and maintenance of one new overhead 120 kilovolt (kV) transmission line and continued use and maintenance of two existing overhead 7.2 kV distribution lines, one existing overhead 69 kV transmission line, and a fiber optic communications line.

LEASE TERM:

25 years, beginning September 1, 2011.

CONSIDERATION:

\$1,032 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:

1. The acceptance of the Lease Quitclaim and termination of Lease No. PRC 8647.2 only becomes effective upon the issuance and full execution of the new proposed lease.
2. Lessee to perform all activities related to the Mitigation Monitoring and Reporting Program as contained in the Environmental

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Assessment/Finding of No Significant Impact (EA/FONSI) and attached hereto as Exhibit C.

3. Insurance:
Liability insurance in the amount of no less than \$1,000,000.

BACKGROUND:

School lands were granted to the State of California by the federal government under the Act of March 3, 1853 (10 Stat. 244), and consisted of the 16th and 36th sections of land in each township (with the exceptions of lands reserved for public use, lands taken by private land claims, and lands known to be mineral in character). In cases of preemption, due to the exceptions described above, the State was given the opportunity to select replacement lands from the United States in lieu of a Section 16 or a Section 36. These replacement lands are now known as Indemnity school lands or lieu lands.

ENVIRONMENTAL PROCESS:

The Notice of Intent (NOI) to adopt a Mitigated Negative Declaration (MND) for the Fort Sage to Herlong 120 kV Interconnect Project was circulated for a 30-day review period beginning July 5, 2011. Commission staff recommends using an Environmental Assessment/Finding of No Significant Impact (EA/FONSI) as a CEQA equivalent document (Title 14, California Code of Regulations, sections 15221 and 15225).

The EA/Draft FONSI was sent to federal, state, and local agencies, environmental and public interest groups, affected landowners, newspapers, and other interested parties. Review comments were accepted by mail, email, and facsimile transmission; one written comment was received later during the public review period. Commission staff responded to all comments received; no changes were required.

OTHER PERTINENT INFORMATION:

1. At its meeting of December 8, 2005, the Commission authorized the issuance of Lease No. PRC 8647.2, a General Lease – Right-of-Way Use, to Plumas-Sierra Rural Electric Cooperative (PSREC or Lessee) for construction, use, and maintenance of an overhead 7.2 kV distribution line and the continued use and maintenance of an existing overhead 69 kV transmission line and an existing overhead 7.2 kV distribution line.
2. The Lessee has applied for a new General Lease – Right-of-Way Use for the construction, use, and maintenance of a new overhead 120 kV transmission line in the immediate vicinity of the existing right-of-way (ROW) lease.

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3. During the course of the lease application process, it was discovered that the Lessee was occupying a portion of the State's Indemnity school lands for an overhead 7.2 kV distribution line that was never authorized by the Commission. The line was constructed on the land many years ago when it was still owned by the Bureau of Land Management (BLM), prior to the Commission's acquisition of the property as an indemnity school lands selection. This unauthorized distribution line runs parallel to and immediately adjacent to the new proposed 120 kV transmission line.
4. During the course of the lease application process, it was also discovered that the existing overhead 69 kV transmission line also includes a fiber optic communications line. This communications line was never specifically authorized by Lease No. PRC 8647.2.
5. Staff and Lessee have agreed that it is in the best interest of both parties for the Lessee to quitclaim all of its interests in the existing lease, and for the Commission to accept the lease quitclaim and replace it with a new right-of-way lease that will include the existing lines, both authorized and unauthorized, and the new proposed 120 kV transmission line.
6. The PSREC proposes to construct the Fort Sage to Herlong 120 kV Interconnect Project, a 13.67-mile, 120 kV transmission line originating in Nevada at the Fort Sage Substation in Section 33, T26N, R18E and terminating at the new proposed Herlong Substation, adjacent to the existing Herlong Substation, located at the intersection of U.S. 395 and Garnier Road (Lassen County Road A26) in T26N, R16E, Section 22 (Proposed Project). The Proposed Project includes permitting the design, construction, operation, and maintenance of the Fort Sage to Herlong 120kV Interconnect Project (Proposed Action).
7. The PSREC electric system currently supplies electricity to its member-owners via a 156-mile 69 kV radial transmission system that originates in East Quincy, California and ends at the PSREC Leavitt Substation in Susanville, California. PSREC takes delivery of electrical energy at the PSREC East Quincy Substation from the two Pacific Gas & Electric (PG&E)/California Independent System Operator 60 kV lines that originate at Caribou, approximately 30 miles west of Quincy, California. PSREC serves 6,500 customers in Lassen, Plumas, and Sierra counties in California, and the western edge of Washoe County in Nevada.
8. Construction of the Proposed Action would encompass 10 acres of new disturbance for the new Herlong Substation and a 200-foot-wide

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construction ROW for the proposed 120 kV transmission line. The final operational ROW would be 100 feet wide. The proposed ROW alignment crosses 4.24 miles of Bureau of Land Management (BLM) land; 0.51 mile of the Doyle State Wildlife Area (SWA), owned by the California Department of Fish and Game (CDFG); 3.52 miles of land owned by the CSLC; 3.36 miles of private property; and 2.04 miles of other lands (i.e., Lassen County, California Department of Transportation, Union Pacific Railroad). The Proposed Action would include 0.13 acre of permanent land disturbance for the transmission line structures (pole placement); 3.75 acres for the new Herlong substation; and up to 26.9 acres of temporary land disturbance for access, laydown, and line-stringing activities. No new permanent access roads would be constructed. To minimize surface disturbance and land use effects, a portion of the proposed ROW alignment parallels existing transmission lines and ROW easements. Line stringing (and pole placement on Doyle SWA, if possible) would be completed by helicopter.

9. **Quitclaim of Existing Lease:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that 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.

10. **Issuance of a New Lease:** The U.S. Department of Agriculture's Rural Utility Service (USDA RUS) and the U.S. Department of the Interior's Bureau of Land Management (DOI/BLM) prepared and circulated an Environmental Assessment/Draft Finding of No Significant Impact (EA/FONSI) for this project on July 5, 2011, for a 30-day public review period. This document was circulated for public review as broadly as state and local law require and notice was given meeting the standards in Title 14, California Code of Regulations, section 15072 (a). As required by Title 14, California Code of Regulations, section 15225 (a), this notice also stated the CSLC's intent to use the federal document as a Mitigated Negative Declaration and the CSLC staff's belief that the federal document meets the requirements of CEQA. Therefore, in compliance with Title 14, California Code of Regulations, sections 15221 and 15225, the staff recommends the use of the federal EA/FONSI in place of a Mitigated Negative Declaration.

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11. A Mitigation Monitoring and Reporting Program is included in the EA/FONSI, attached hereto as Exhibit C.
12. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370, et seq. However, the Commission has declared that all 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 section 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.

APPROVALS OBTAINED:

Bureau of Land Management

APPROVALS REQUIRED:

Lassen County, U.S. Fish and Wildlife Service California Department of Fish and Game, California Wildlife Conservation Board, U.S. Department of Agriculture, U.S. Environmental Protection Agency, Washoe County, California Department of Transportation.

EXHIBITS:

- A. Site and Location Map
- B. Land Description
- C. Mitigation Monitoring and Reporting Program (MMRP)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Quitclaim of Existing Lease: 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.

Issuance of a New Lease: Find that the Environmental Assessment/Finding of No Significant Impact (EA/FONSI) prepared and circulated by the USDA RUS and DOI BLM for this Project, meet the requirements of CEQA. Therefore, pursuant to Title 14, California Code of Regulations, sections 15221 and 15225, adopt such federal document for

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use in place of a Mitigated Negative Declaration. Adopt the Mitigation Monitoring and Reporting Program as contained in Exhibit C, attached hereto.

AUTHORIZATION:

Authorize the acceptance of the lease quitclaim of Lease No. PRC 8647.2 and the issuance of a new General Lease – Right-of-Way Use to Plumas-Sierra Rural Electric Cooperative, Inc., beginning September 1, 2011, for a term of 25 years, for the construction, use and maintenance of one new overhead 120 kV transmission line and the continued use and maintenance of three existing overhead 7.2 kV distribution lines and one existing overhead 69 kV transmission line, including one existing fiber optic communications line, for the lands as shown on Exhibit A (for reference purposes only) and described on Exhibit B, both Exhibits attached and by this reference made a part hereof, with the special lease provision that the lease quitclaim will only be accepted upon the issuance and full execution of the new lease; annual rent in the amount of \$1,032, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the Lease; liability insurance with coverage of no less than \$1,000,000.