

**CALENDAR ITEM
C11**

A Statewide

12/02/13
PRC 6205.1
V. Caldwell

S Statewide

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Pacific Gas and Electric Company
245 Market Street, Mail Code N10A
San Francisco, California 94105

AREA, LAND TYPE, AND LOCATION:

Sovereign lands in various waterways, in various counties, statewide.

AUTHORIZED USE:

Continued use and maintenance of existing less-than-60 kV electric distribution overhead and submerged lines with associated fiber-optic cables and related facilities.

LEASE TERM:

20 years, beginning September 1, 2012.

CONSIDERATION:

\$42,300 per year, with rent adjusted annually at the rate of four percent (4%); and the State reserving the right to fix a different rent on the tenth anniversary of the lease term, as provided in the lease.

SPECIFIC LEASE PROVISION:

Insurance:

Liability insurance in an amount no less than \$5,000,000 per occurrence. Applicant may satisfy all or part of the insurance requirements through maintenance of a staff approved self-insurance program as outlined in the Lease.

Surety:

Surety bond or other security in the amount of Bond: \$470,000.

Other: The lease contains various provisions, some of which are described as follows:

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1. Pacific Gas and Electric Company (PG&E) will determine the precise location of all overhead electrical distribution line crossings by conducting a geodetic position survey. One-half of the crossings shall be completed no later than August 31, 2014; the second half shall cover the remaining crossings to be completed no later than August 31, 2015, as provided in the Lease.
2. Except for a submerged distribution crossing which has been horizontally-directional drilled (HDD), PG&E will perform three surveys: geodetic position surveys to determine the exact location of the crossings; bathymetric surveys to determine the underwater topography of the submerged crossings; and burial surveys to determine the depth of cover of the submerged crossings as provided in the Lease. The surveys will be done in three phases and completed no later than August 31, 2014, August 31, 2015, and August 31, 2016, respectively. For the HDD crossings, PG&E will provide the as-built plan and profile drawing for the crossing no later than August 31, 2014.
3. For all surveys, PG&E will submit, within 60 days of completion of the surveys, reports of the survey results and new land descriptions of all of the electrical distribution line crossings. PG&E agrees to amend the lease to include the new land descriptions.
4. On the 10th and 15th anniversary of this Lease, PG&E will conduct underwater inspections of all submerged crossings to determine if remedial work is warranted. PG&E will submit a report of all survey findings to Commission staff within 90 days of completion. If any survey determines a submerged distribution line crossing has been materially altered from its original permitted configuration, PG&E will submit within 120 days of completion a remediation plan to the Lessor for its review and approval.
5. The leases also contain provisions involving levels of staff review of non-routine maintenance and operation activities, emergency repairs, maintaining deactivated distribution line crossings, permanent removal of crossings, reporting of emergency incidents; and procedures and approval requirements for sale of electric distribution lines.

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6. Where the lease calls for the approval of the Lessor, that approval, except as provided hereafter, may be given by the Commission's Executive Officer or his/her delegate and such approval shall not be unreasonably withheld. If the Executive Officer or his/her delegate denies approval, except as provided hereafter, PG&E may appeal that denial to the Commission at the Commission's next available noticed public meeting. Commission's Executive Officer shall not have the delegated authority to approve increases or decreases in the base rent, adjustments in bond and insurance coverage, nor the authority to approve any assignment,

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. On August 26, 1982, the Commission authorized Lease No. PRC 6205.1 General Lease – Right-of-Way Use to PG&E for many less-than-60 kV electrical distribution lines. On August 28, 1986, due to the growing need for communication services, the Commission authorized an amendment Lease No. PRC 6205.1, to allow PG&E the ability to utilize its distribution facilities for fiber-optic communication systems to interconnect its major service centers throughout the state. The lease expired on August 31, 2012.
3. The lease originally covered 82 PG&E right-of-way easements. The terms of the lease allowed for additional easements to be included and for parcels to be deleted, as needed. Since commencement of the lease, there have been 27 addendums, which have included the addition of new lines, repairs, replacement, and modifications. The proposed lease includes 94 parcels of varying widths and lengths in numerous counties throughout the state.
4. On October 26, 2012, PG&E submitted an application for a new General Lease – Right-of-Way Use. PG&E has paid \$49,986 in rent for lease years 2012/2013 and 2013/2014 at the rate of \$24,993 per year. PG&E has agreed to pay an additional \$17,307 for lease year 2012/2013 and \$18,999 for lease year 2013/2014 totaling \$36,306.
5. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1,

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Existing Facilities; California Code of Regulations, Title 14, section 15301, subdivision (b).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300.

6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Location Map of Electrical Distribution Line Crossings

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

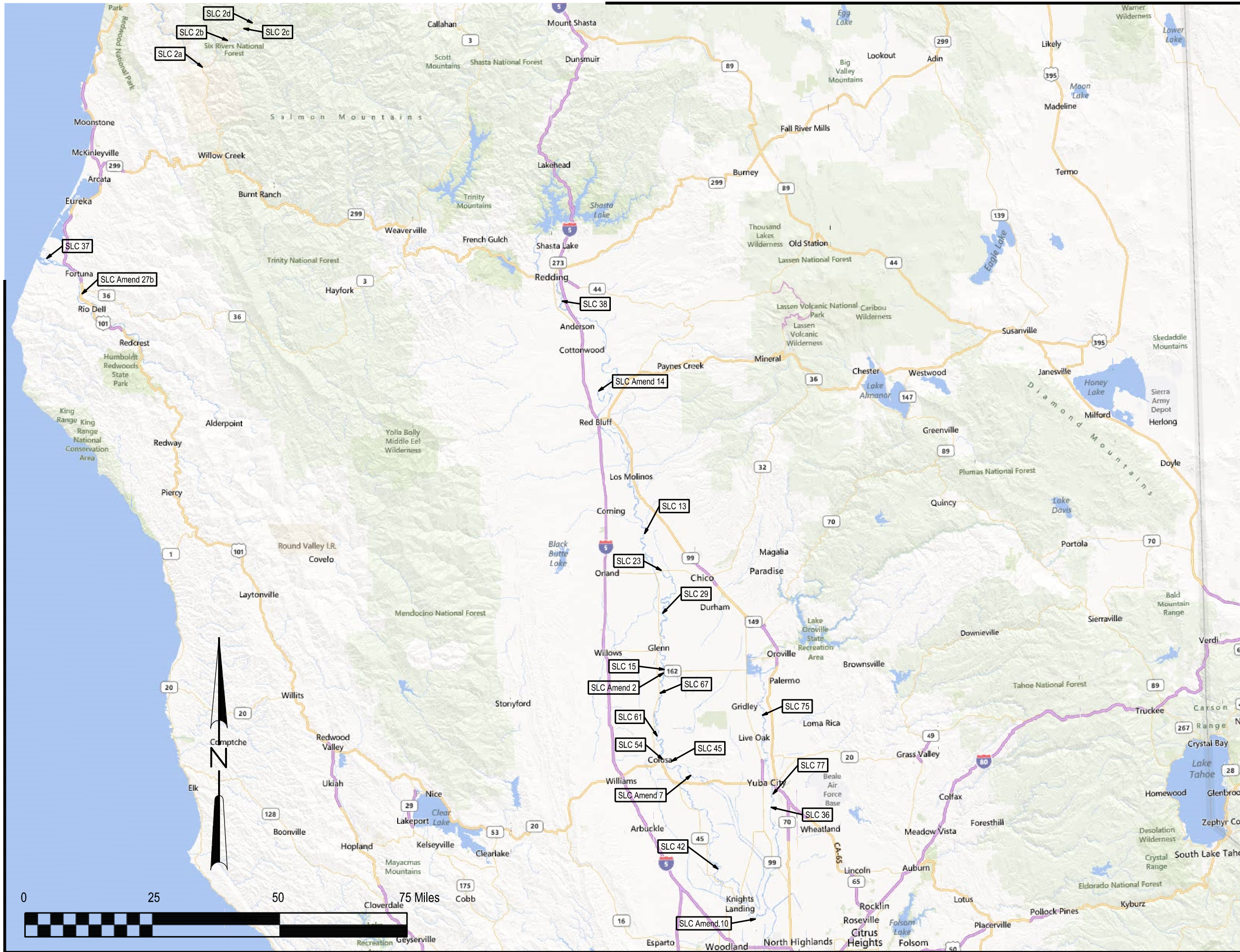
Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 14, section 15301, subdivision (b).

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 section 6370 et seq.

AUTHORIZATION:

Authorize the issuance of a Master General Lease – Right-of-Way Use to Pacific Gas and Electric Company, beginning September 1, 2012, for a term of 20 years, for the continued use and maintenance of existing less-than-60 kV electric distribution lines, fiber-optic cables, and related facilities as shown on Exhibit A attached and by this reference made a part hereof; annual rent in the amount of \$42,300, adjusted annually at the rate of four percent (4%), as provided in the lease; self-insurance or third-party liability insurance in an amount no less than \$5,000,000 per occurrence; and a surety bond in the amount of no less than \$470,000.



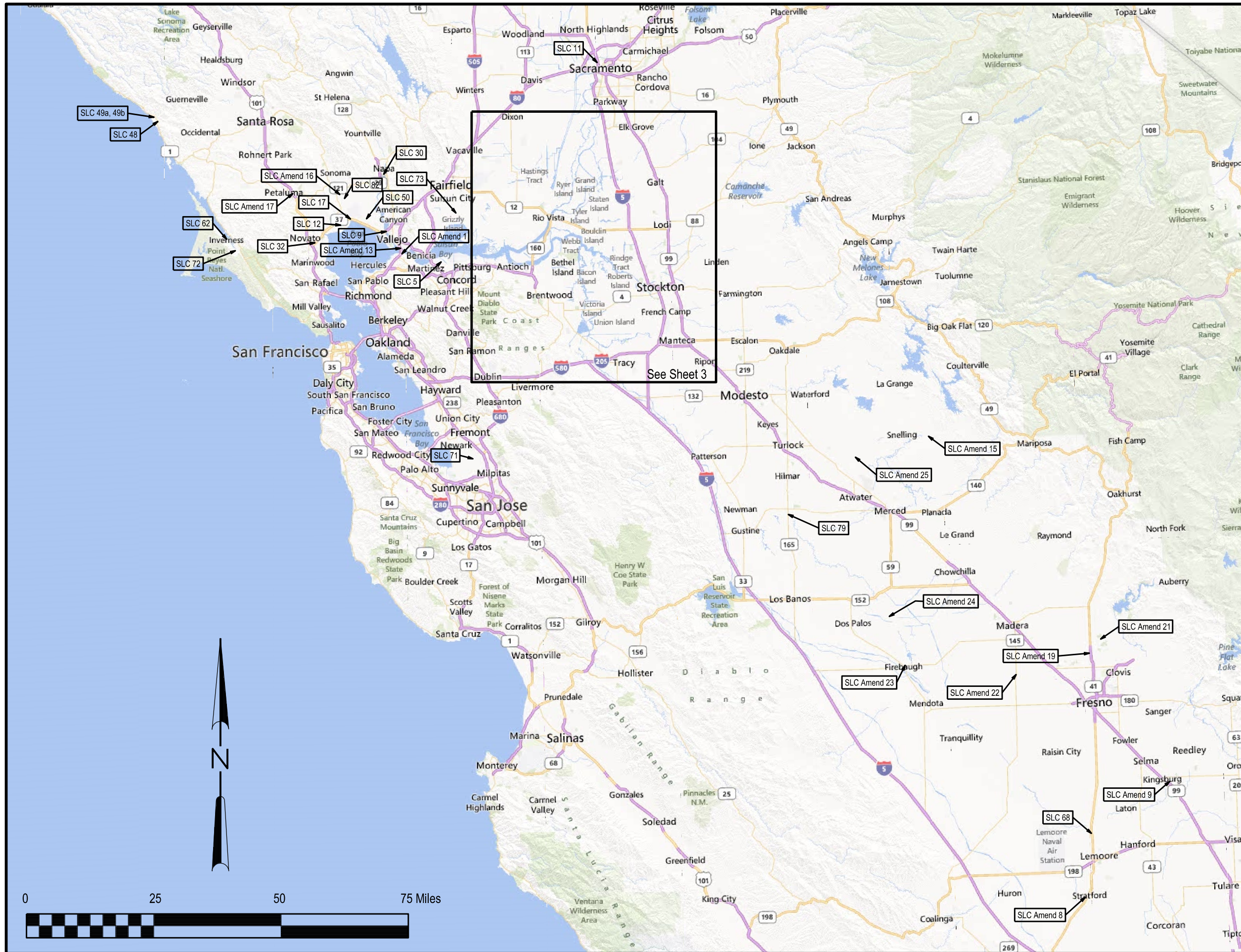
CALIFORNIA STATE LANDS COMMISSION GENERAL LEASES
PG&E Electrical Distribution Leases - Right-of-Way Use
Public Resources Code (PRC) 6205.1

EXHIBIT A





Pacific Gas and Electric Company®

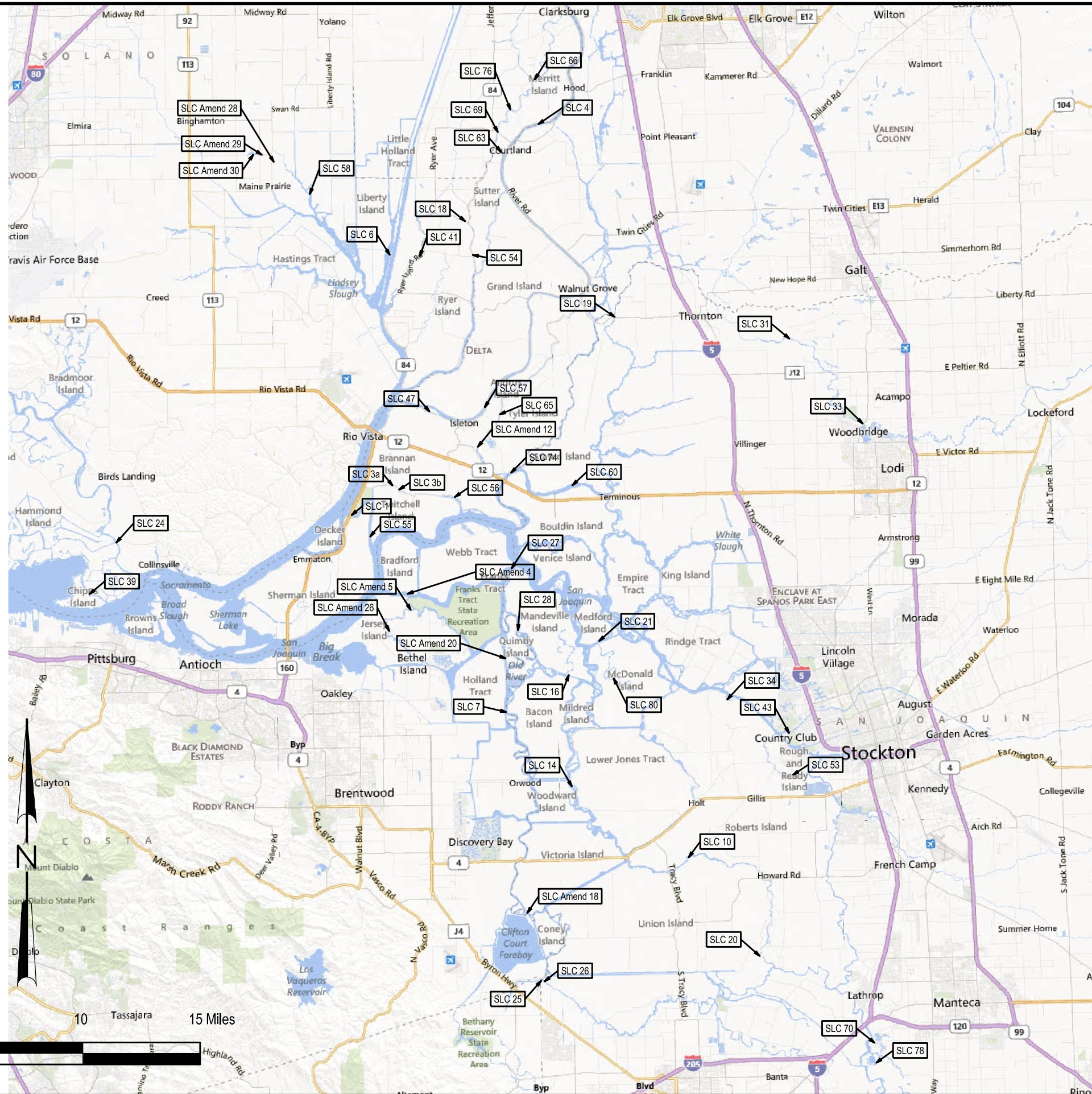


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EXHIBIT A



CALIFORNIA STATE LANDS COMMISSION
LAND MANAGEMENT DIVISION



CALIFORNIA STATE LANDS COMMISSION GENERAL LEASES
 PG&E Electrical Distribution Leases - Right-of-Way Use
 Public Resources Code (PRC) 6205.1

EXHIBIT A