

**STAFF REPORT
C39**

A 11, 14
S 3, 7

02/27/18
PRC 5107.1
G. Asimakopoulos

REVISION OF RENT

LESSEE:

CPN Pipeline Company

AREA, LAND TYPE, AND LOCATION:

10.901 acres, more or less, of sovereign land in Honker Bay, Suisun Bay, Roaring River, Grizzly Slough, Montezuma Slough, and the Sacramento River, from the city of Martinez to the city of Sacramento; in Solano, Contra Costa, Sacramento, and Yolo counties.

AUTHORIZED USE:

Continued use and maintenance of six natural gas pipeline crossings which include: an 8.625-inch-diameter welded steel pipeline located on the Sacramento River near River Mile 71.5; four existing 10.75-inch-diameter welded steel pipeline crossings located at Montezuma Slough, Grizzly Slough, Roaring River, and Suisun/Honker Bay; and one abandoned 4-inch-diameter pipeline crossing the Sacramento River near River Mile 74.8; together with all valves and appurtenances related to the operation of the pipeline, including cathodic protection and facilities necessary and ancillary thereto. The above crossings are part of a larger 54-mile-long natural gas pipeline between Martinez and a location north of Sacramento.

LEASE TERM:

20 years, beginning April 1, 2007.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease and recommends that rent be revised from \$1,527 per year to \$3,817 per year, effective April 1, 2018.

OTHER PERTINENT INFORMATION:

1. On December 14, 2006, the Commission authorized a 20-year General Lease – Right-of-Way Use to CPN Pipeline Company for an existing 8.625-inch-diameter welded steel pipeline, four 10.75-inch-diameter welded steel pipeline crossings, and one abandoned 4-inch-diameter

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pipeline crossing ([Item C13, December 14, 2006](#)). The lease will expire on March 31, 2027.

2. The lease requires internal or pressure test inspections, and cathodic protection inspection. Staff has requested copies of recent test results and the Lessee is in the process of providing the test results. Staff may require remedial measures be taken by the Lessee based on the results of the test results.
3. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
4. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

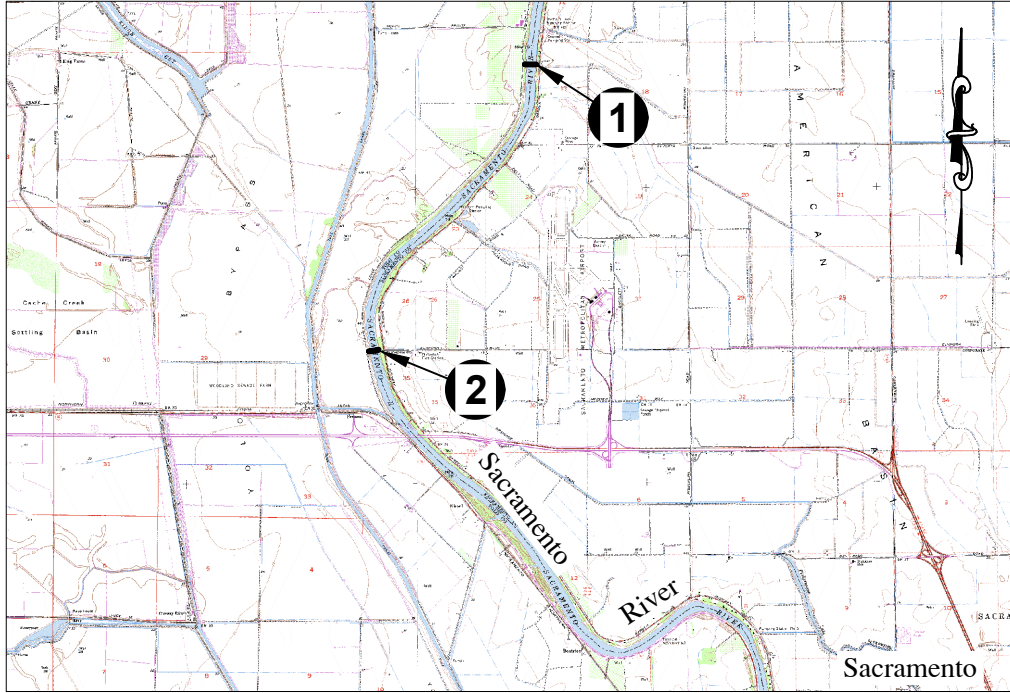
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 5107.1 from \$1,527 per year to \$3,817 per year, effective April 1, 2018.

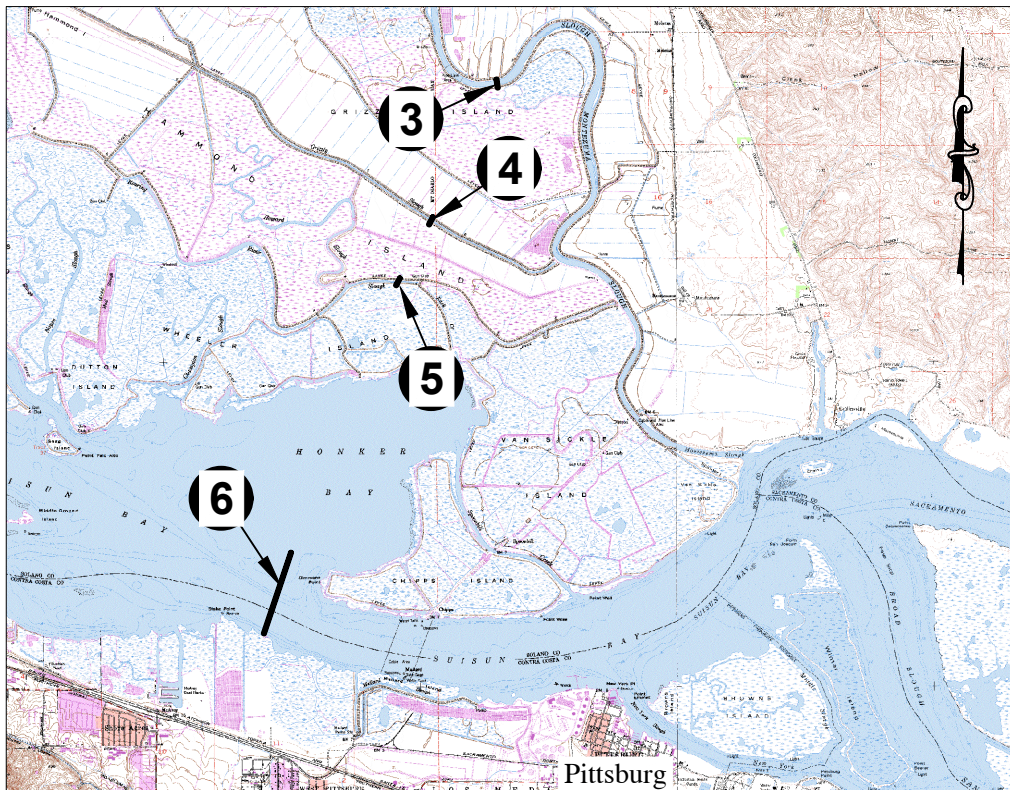
NO SCALE

SITE



EXISTING LEASE AREAS

1. Sacramento River Crossing (25' Wide Lease Area)
2. Sacramento River Crossing (30' Wide Lease Area)
3. Montezuma Slough Crossing (30' Wide Lease Area)
4. Grizzly Slough Crossing (30' Wide Lease Area)
5. Roaring River Crossing (30' Wide Lease Area)
6. Honker/Suisun Bay Crossing (30' Wide Lease Area)



EXISTING PIPELINE CROSSINGS

MAP SOURCE: USGS QUAD

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.

Exhibit A
 PRC 5107.1
 CPN PIPELINE COMPANY
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 YOLO, SACRAMENTO,
 SOLANO & CONTRA COSTA
 COUNTIES

