

Staff Report 30

Rescission of Amendment of Lease and Authorize Consent to Abandonment-In-Place of Decommissioned Natural Gas Pipeline

LESSEE:

Pacific Gas and Electric Company

PROPOSED ACTION:

AREA, LAND TYPE, AND LOCATION

Sovereign land in the Sacramento River, near Isleton, Sacramento County

AUTHORIZED USE:

Lease No. PRC 5438.1-B, comprising 39 pipelines, allows for the continued use and maintenance of existing transportation, distribution, and gathering pipelines to transport natural gas.

TERM:

20 years, beginning January 1, 2012

CONSIDERATION:

\$19,860 per year, with an annual California Consumer Price Index (CCPI) adjustment as provided for in the lease.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

The 8-inch-diameter natural gas pipeline (known as L195A-3) that is the subject of this action was originally approved by the Commission ([Item 48, July 6, 1950](#)) and installed

around 1950. It was eventually folded into the Pacific Gas and Electric (PG&E) Master Lease, PRC 5438.1 ([Item 24, January, 28, 1978](#)). On January 26, 2012, the Commission terminated the holdover tenancy of PRC 5438.1 and authorized issuance of six General Leases – Right-of-Way Use, Nos. PRC 5438.1-A, PRC 5438.1-B, PRC 5438.1-C, PRC 5438.1-D, PRC 5438.1-E, and PRC 5438.1-F in its place ([Item C33, January 26, 2012](#)). The subject pipeline was included in PRC 5438.1-B.

On June 28, 2016, the Commission authorized an amendment of the lease to decommission and abandon-in-place pipeline L195A-3 ([Item C36, June 28, 2016](#)). Following this action, staff determined the amendment was not required. The lease only required the Commission to consent to the abandonment-in-place of the pipeline, which the Commission had effectively, but not officially, done through the amendment action. The amendment was never signed and staff is requesting to rescind that authorization and authorize the consent to abandon-in-place.

Due to the confusion, PG&E moved forward with the abandonment-in-place that they interpreted the Commission had consented to through approval of the amendment. The pipeline is approximately 10 feet below the river bottom and does not impair the navigability or recreational uses of the river. The pipeline extends 540 feet across the river and was previously cut and capped north of the river. All residual natural gas was vented from the pipeline and a bell hole was excavated on the south side of the river to fill the pipeline with concrete slurry and then capped. No work relating to the abandonment occurred in the river. The pipeline abandonment was completed in June 2017.

Abandonment-in-place was preferable to full removal for numerous reasons. First, a portion of the pipeline underlies the levee and removal could impact the integrity of the levee at this location. Also, abandonment-in-place requires no work in the river and eliminates any potential impacts to water quality or river bottom habitat that could result from removal activities. Therefore, staff requests authorization for a consent to abandon-in-place consistent with the lease terms.

The lease includes provisions requiring the Lessee to inspect, repair, insure, and indemnify the State for those facilities abandoned-in-place. Pursuant to the lease, the Lessee has provided as-built plans. The lease also requires the Lessee to perform surveys of the abandoned pipeline segment at least once every 5 years and to perform such maintenance and repair as is necessary to keep the line in a safe condition and free from any threat to public health and safety, the Public Trust, and the environment. In addition, staff believes that the abandonment-in-place does not substantially interfere with the Public Trust needs and values at this location because the existing pipeline is buried and will have a negligible, if any, impact on recreational use in the Sacramento River.

CLIMATE CHANGE:

Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect both open coastal areas and inland waterways in California. The subject facilities are located on the Sacramento River, in a tidally influenced site vulnerable to flooding at current sea levels and at a higher risk of flood exposure given projected scenarios of sea-level rise.

The California Ocean Protection Council updated the State of California Sea-Level Rise Guidance in 2018 to provide a synthesis of the best available science on sea-level rise projections and rates. Commission staff evaluated the “high emissions,” “medium-high risk aversion” scenario to apply a conservative approach based on both current emission trajectories and the lease location and structures. The San Francisco tide gauge was used for the projected sea-level rise scenario for the region as listed in Table 1.

Table 1. Projected Sea-Level Rise for San Francisco¹

Year	Projection (feet)
2030	0.8
2040	1.3
2050	1.9
2100	6.9

Source: Table 13, State of California Sea-Level Rise Guidance: 2018 Update

Note: ¹ Projections are with respect to a 1991 to 2009 baseline.

This effect could increase the river's inundation levels within the lease area. In addition, as stated in *Safeguarding California Plan: 2018 Update* (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters related to flooding, fire, drought, extreme heat, and storms (especially when coupled with sea-level rise). In rivers and tidally influenced waterways, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris as well as decreased bank stability and structure.

Conversely, climate-change induced droughts could decrease river levels and flow for extended periods of time. Climate change and sea-level rise will further influence riverine areas by changing erosion and sedimentation rates. Flooding and storm flow, as well as runoff, will likely increase scour and decrease bank stability at a faster rate.

According to the Lessee, the existing pipeline would be abandoned below the bed of the Sacramento River. Pipelines at greater depth are unlikely to be affected by flooding or drought conditions that may occur within the lease area given future projected scenarios of sea-level rise.

CONCLUSION:

For all the reasons above, staff believes rescission of the amendment and consent to decommission and abandon the pipeline in place will not substantially interfere with the public's right to navigation and fishing or with the Public Trust needs and values at this location and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the proposed action is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. If the Commission denies the proposed action, the lessee may be required to remove the pipeline and restore the premises to their original condition. Upon expiration or prior termination of the lease, the lessee also has no right to a new lease or to renewal of any previous lease.
2. The Lessee has an easement for the uplands adjoining the lease premises.
3. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction.
4. Rescission of the amendment authorization is not a project as defined by the California Environmental Quality Act (CEQA) 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).

5. The staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905.

EXHIBITS:

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

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 2, section 2905, subdivision (a)(2).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed rescission of amendment and consent to decommissioning and abandonment-in-place of a natural gas pipeline will not substantially interfere with the public's right to navigation and fishing or with the Public Trust needs and values at this location; and is in the best interests of the State.

AUTHORIZATION:

1. Authorize rescission of Commission authorization, Item C36 made on June 28, 2016, of an amendment of Paragraph 12 of Lease No. PRC 5438.1-B, a General Lease – Right-of-Way Use.
2. Consent to the decommissioning and abandonment-in-place of a cement slurry-filled steel 8-inch-diameter natural gas transmission pipeline (L-195A3-1) beneath the Sacramento River, near Isleton, Sacramento County as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof, effective June 28, 2016.
3. Relieve the Lessee of its obligation to pay \$450 in annual rent for the pipeline beginning with the next lease anniversary pursuant to Section 2, Paragraph 12, subparagraph (g) of the lease.

EXHIBIT A

PRC 5438.1B

LAND DESCRIPTION

(PREVIOUSLY EXHIBIT "A-29")

W 21563
WP 529

A strip of tide and submerged land 100 feet wide across the Sacramento River adjacent to the City of Isleton, State of California, lying 50 feet on each side of the following described centerline:

COMMENCING at a found 2-inch iron pipe accepted as marking the southwesterly terminus of a course in the southerly boundary line of Block 32 as shown on the map filed for record in Book 48 of Maps; page 17, Sacramento County Recorder's Office, which course according to said map has a bearing of N 60° 45' E, and a length of 380.0 feet; thence N 39° 24' 06" W, 676.46 feet to the POINT OF BEGINNING; thence N 22° 25' W, 640 feet to the termination of the herein described centerline.

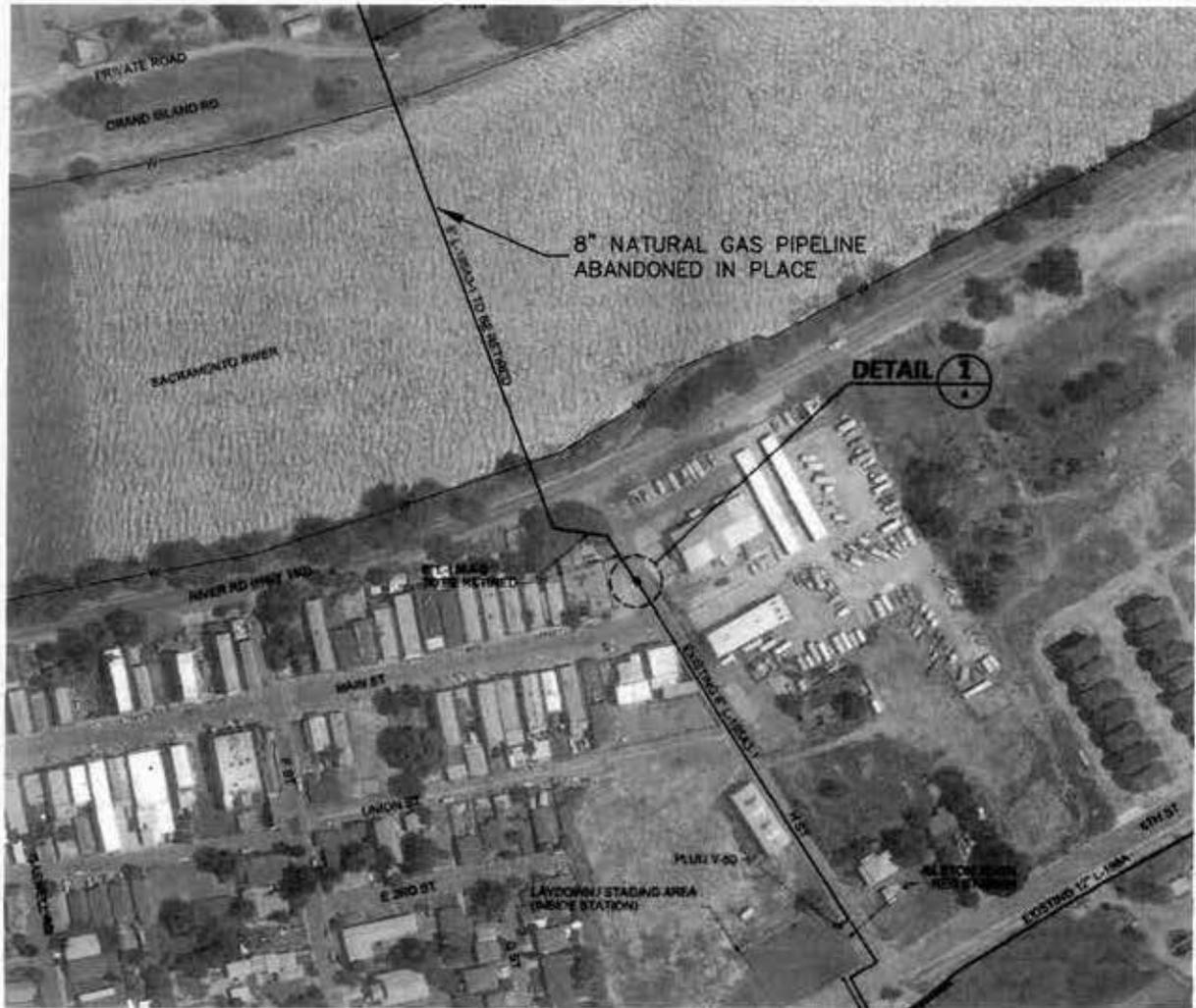
EXCEPTING THEREFROM any portion thereof lying landward of the ordinary high water marks of the Sacramento River.

END OF DESCRIPTION

Prepared Frank T. Cary Checked SON
Reviewed A. K. Gunnecke Date 2/27/78

NO SCALE

SITE



8" NATURAL GAS PIPELINE, ISLETON

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 5438.1B
 PG&E COMPANY
 APN 157-0031-002, 142-0120-072
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SACRAMENTO COUNTY



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.

JAK 3/9/16