

# Staff Report 49

## **LESSEE:**

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CPN Pipeline Company

## **PROPOSED ACTION:**

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Revision of Rent and Bond

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

0.82 acre of State sovereign land in the San Joaquin River, between Jersey Island and Sherman Island, near Antioch, Sacramento and Contra Costa Counties.

## **AUTHORIZED USE:**

Continued use and maintenance of an existing 8-inch-diameter natural gas pipeline.

## **TERM:**

20 years, beginning May 25, 2012.

## **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 rent be revised from \$713 per year to \$1,849 per year and an increase in the surety bond from \$20,000 to \$1,000,000, effective May 25, 2023.

## **OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Lands as authorized by law. The Lessee has no right to a new lease or to renewal of any previous lease.

2. On December 2, 2013, the Commission approved a 20-year lease to CPN Pipeline Company (formerly Calpine Pittsburg, Inc., a name change only) for the existing natural gas pipeline and reduced the lease area from 4.38 acres to 0.82 acre (approximately 10 feet on either side of the pipeline centerline by its length of 1,781.48 feet) ([December 2, 2013, Item 05](#)). On April 20, 2017, the Commission authorized an increase in the annual rent ([April 20, 2017, Item 54](#)) from \$590 to \$713, effective May 25, 2017. The lease will expire on May 24, 2032.
3. In 2010, the Lessee performed a submarine burial survey and pipeline assessment to determine the depth of burial and condition of the pipeline. The survey reported the pipeline was exposed along much of the riverbed with several free spans (areas between bottom support). As part of the 2013 application process for the 20-year lease, as described above, the Lessee submitted a repair plan to remediate the exposed pipeline by burying it to a minimum of five feet. As part of a subsequent 2015 burial survey, the Lessee reported the pipeline exposure remained the same, and was isolated and placed in an idle state with no natural gas flowing through it. The Lessee reported that it continues to monitor the condition of the pipeline, and prior to re-activation, it will perform the remediation of the pipeline. A 2020 burial survey and assessment were performed and reported the pipeline exposures were consistent with the previous findings with no apparent pipeline damage observed.
4. Under the terms of the current lease, Lessee holds a surety bond in the amount of \$20,000. This amount is subject to increases over the lease term and serves the purpose of being able to mitigate costs that might otherwise be shouldered by the state, including where the state must take restorative actions with the leased premises upon lease termination or lease premises abandonment. Due to the exposed and idle nature of the pipeline and the Lessee's request to delay the remediation to a yet unknown future date, staff recommends an increase in the surety bond from \$20,000 to \$1,000,000.
5. This action is consistent with the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.
6. Approving the revision of rent and surety bond 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:**

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A. Site and Location Map

**RECOMMENDED ACTION:**

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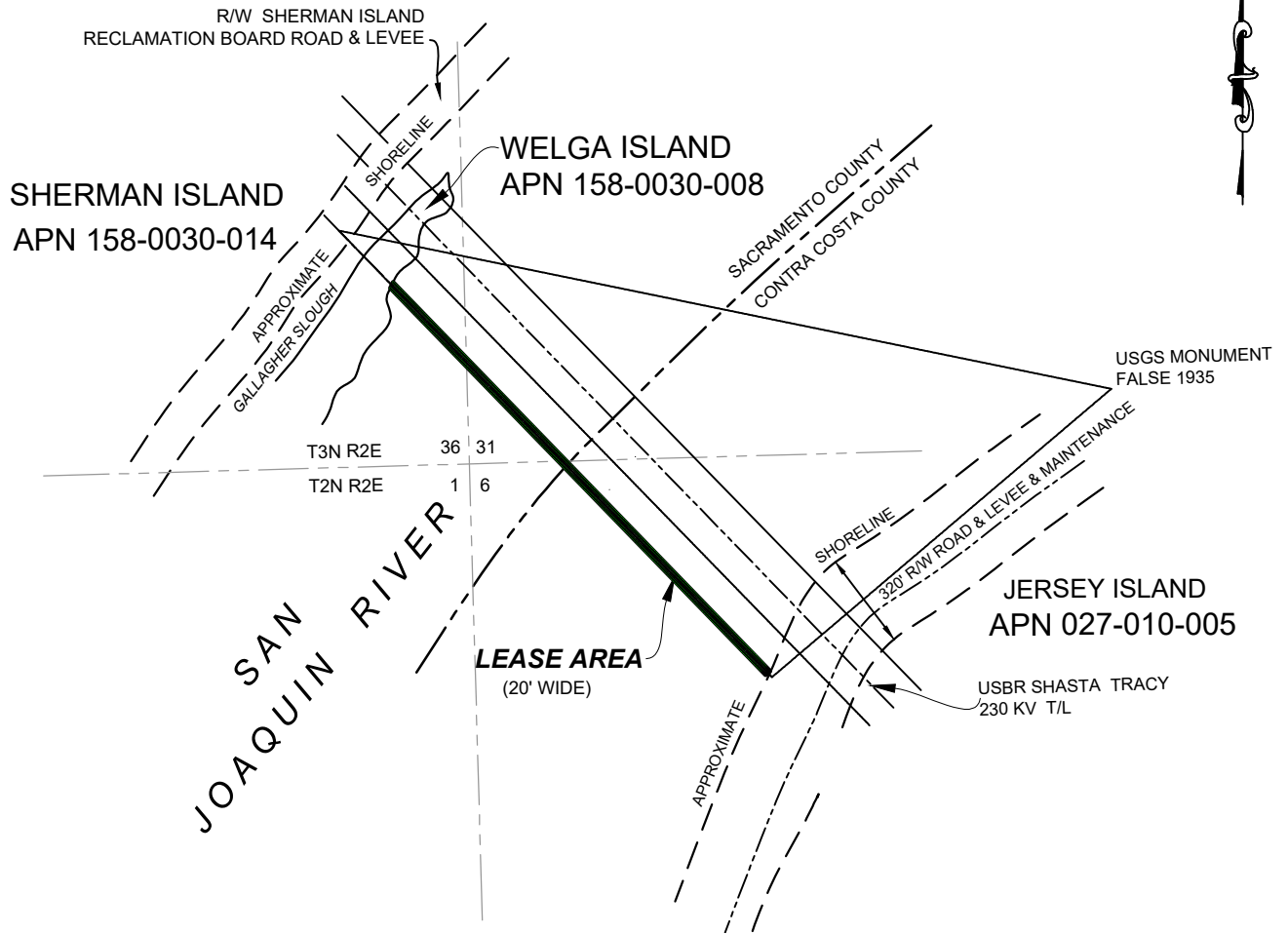
It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of rent for Lease PRC 3768 from \$713 per year to \$1,849 per year and the increase in the surety bond from \$20,000 to \$1,000,000, effective May 25, 2023.

# SITE

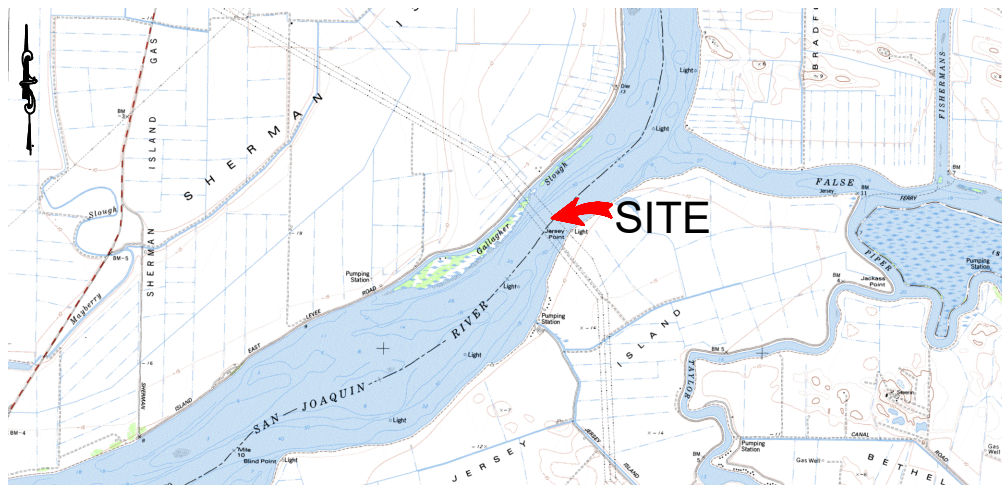
NO SCALE



NATURAL GAS PIPELINE FROM JERSEY ISLAND TO SHERMAN ISLAND CROSSING THE SAN JOAQUIN RIVER

NO SCALE

## LOCATION



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 3768  
CPN PIPELINE  
GENERAL LEASE -  
RIGHT-OF-WAY USE  
CONTRA COSTA AND  
SACRAMENTO COUNTIES



TS 03/23/2022