

Staff Report 52

LESSEE:

Pacific Gas and Electric Company

PROPOSED ACTION:

Continuation of Rent and Revision of Bond

AREA, LAND TYPE, AND LOCATION:

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

AUTHORIZED USE:

Continued use and maintenance of less than 60-kilovolt (kV) overhead and subsurface electrical distribution lines and fiber optic cables.

TERM:

20 years, beginning September 1, 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 a continuation of rent at \$62,614, adjusted annually at 4%, and an increase in the surety bond from \$470,000 to \$700,000, effective September 1, 2023.

OTHER PERTINENT INFORMATION:

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

2. On December 2, 2013, the Commission authorized a General Lease – Right-of-Way Use ([December 2, 2013, Item 11](#)) to the lessee for existing less-than-60 kV electrical distribution lines and fiber optic cables on 94 crossings in and over various sovereign land waterways across the state. The lease required burial surveys of the subsurface lines which were completed in 2015 with subsequent surveys on the 10th and 15th anniversaries. Staff requested lessee provide an update on their efforts to complete the current surveys. The lease provides for review of the rent on the 10th anniversary of the lease. The lease will expire on August 31, 2032.
3. Under the terms of the current lease, Lessee holds a surety bond in the amount of \$470,000. 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 various locations and facilities statewide, the bond was set based on a fixed \$5,000 per crossing for a total of \$470,000. To be consistent with other similar leases, an increase from \$5,000 to \$7,500 per crossing is recommended. Staff recommend an increase in the surety bond from \$470,000 to \$700,000.
4. This action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021-2025 Strategic Plan.
5. Approving the continuation of rent and revision of bond are not projects as defined by the California Environmental Quality Act because they are administrative actions 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).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the continuation of rent for Lease PRC 6502 at \$62,614, adjusted annually at 4%, and increase the surety bond from \$470,000 to \$700,000, effective September 1, 2023.