

Staff Report 16

LESSEE:

Sierra Pacific Power Company

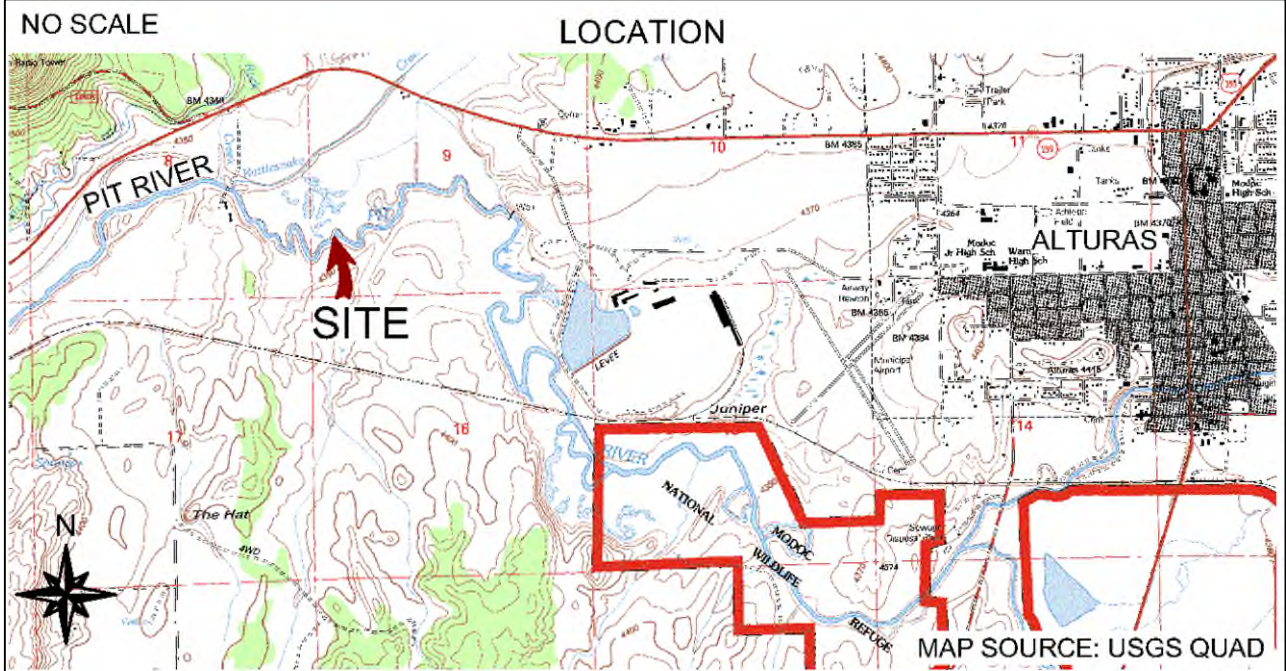
PROPOSED ACTION:

Revision of Rent, Insurance, and Bond.

AREA, LAND TYPE, AND LOCATION:

0.26 acre, more or less, of sovereign land in the Pit River, near Alturas, Modoc County (as shown in Figure 1).

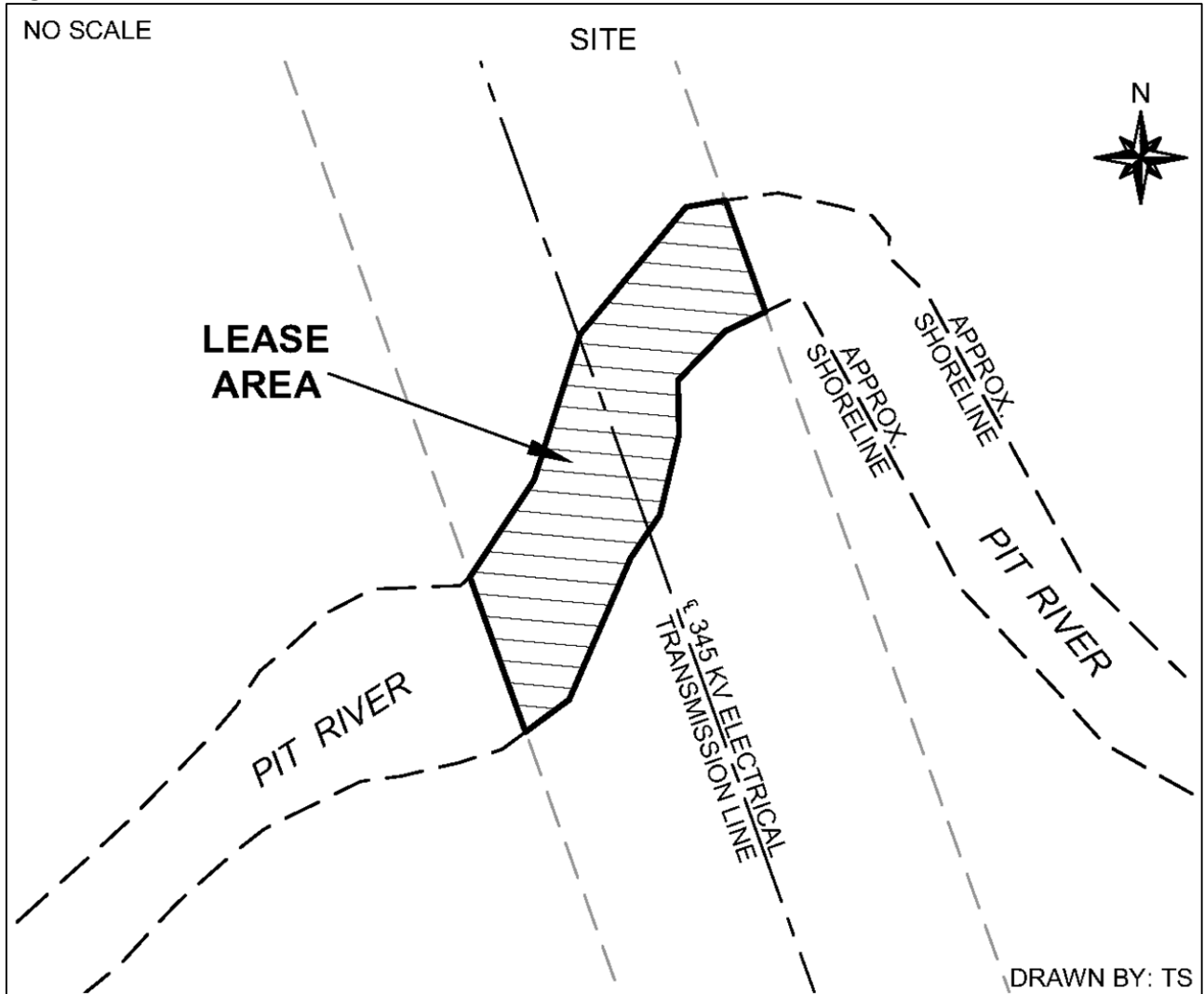
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a 345,000 kilovolt (345kV) overhead electric transmission line and associated facilities (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

49 years, beginning August 21, 1996.

CONSIDERATION:

The lease provides that Lessor may modify the rent, insurance, and bond periodically during the lease term. Pursuant to these provisions, staff has conducted a review of the rent, insurance, and bond under this lease and recommends that the rent be revised from \$450 per year to \$599 per year, the liability insurance increased from \$1,000,000 to \$5,000,000, and the bond increased from \$2,000 to \$7,500, effective August 21, 2024.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent, insurance, and bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, insurance, and bond, 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 August 21, 1996, the Commission authorized a 49-year General Lease – Right of Way Use ([Item 64, August 21, 1996](#)) to Sierra Pacific Power Company, a subsidiary of NV Energy, for installation, operation, and maintenance of a 345kV overhead electric transmission line. On November 26, 2001, the Commission authorized a continuation of rent ([Item 62, November 26, 2001](#)). On September 13, 2007, the Commission authorized a continuation of rent ([Item 17, September 13, 2007](#)). On April 26, 2013, the Commission authorized a continuation of rent ([Item 23, April 26, 2013](#)). On June 28, 2019, the Commission authorized a revision of rent ([Item 17, June 28, 2019](#)) from \$100 to \$450, effective August 21, 2019.
3. The Commission requires liability insurance coverage to protect the state from risk in the amount of no less than \$1,000,000. It is recommended that the liability insurance requirement be increased from \$1,000,000 to \$5,000,000 to remain consistent with other overhead transmission line leases.
4. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$2,000. 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. A bond adjustment is currently appropriate to keep it consistent with other leases with similar facilities. Staff recommends increasing the bond

from \$2,000 to \$7,500 to minimize the gap between ability to pay and protecting the state's liability. The lease will expire on August 20, 2045.

5. This action is consistent with the "Address current and future risk and liabilities" and "efficient and effective management of the revenue generation portfolio" elements in the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-25 Strategic Plan.
6. Approving the revision of rent, insurance, and 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease PRC 7902 from \$450 per year to \$599 per year, an increase in liability insurance from \$1,000,000 to \$5,000,000, and an increase in the bond from \$2,000 to \$7,500, effective August 21, 2024.