

# Staff Report 10

**LESSEE:**

Pacific Gas and Electric Company

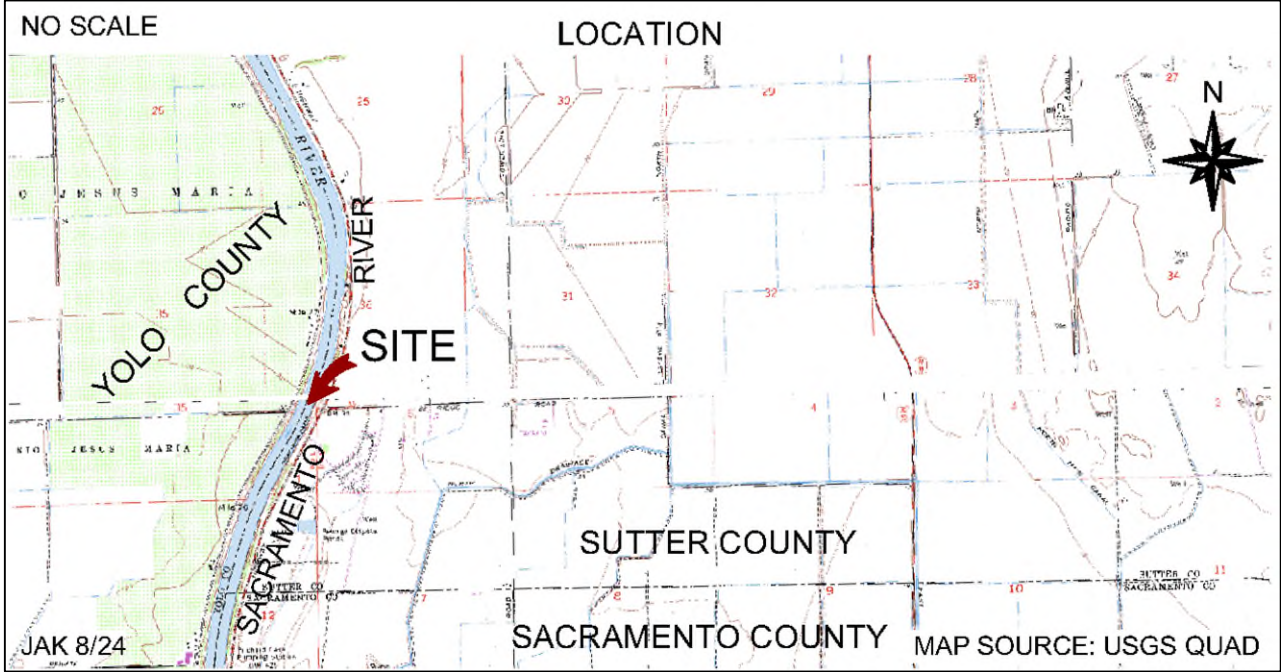
**PROPOSED ACTION:**

Revision of Rent and Bond.

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

0.63-acre of State sovereign land located in the Sacramento River, adjacent to Sutter County Assessor’s Parcel Number (APN) 35-330-020 and Yolo County APN 057-050-03, north of Woodland, Sutter, and Yolo counties (as shown in Figure 1).

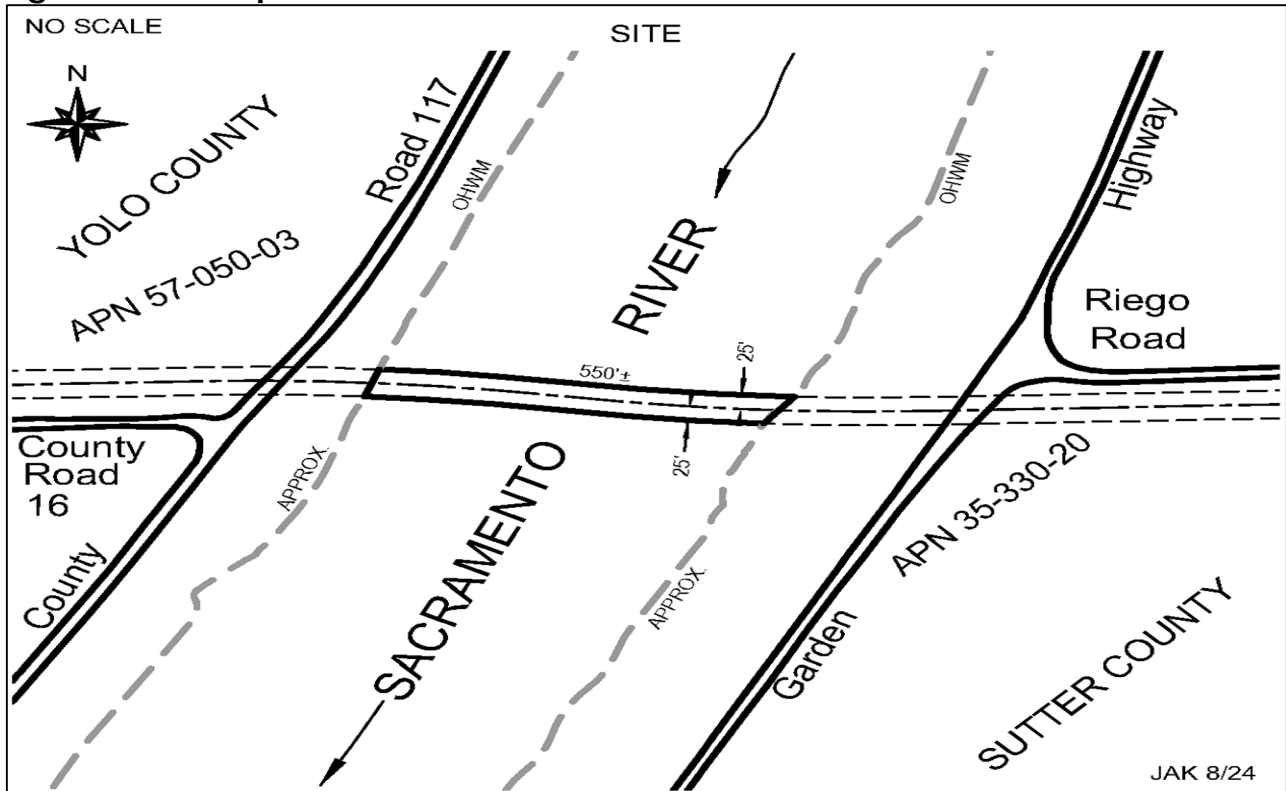
**Figure 1. Location**



**AUTHORIZED USE:**

Construction, use, and maintenance of a 30-inch diameter buried natural gas pipeline installed by Horizontal Directional Drilling (HDD) to a depth of approximately 60 feet (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:**

20 years, beginning November 16, 2009.

**CONSIDERATION:**

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent and bond under this lease and recommends that the rent be revised from \$3,443 to \$938; the Lease Performance bond be increased from \$50,000 to \$300,000; and the Mitigation Monitoring Program (MMP) bond of \$400,000 be released in full, effective November 16, 2024.

## OTHER PERTINENT INFORMATION:

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1. Approval or denial of the revision of rent and revision of bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent and revision of 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 November 16, 2009, the Commission authorized a 20-year General Lease – Right-of-Way Use ([Item 1, November 16, 2009](#)) to Pacific Gas and Electric Company. On December 2, 2013, the Commission authorized an Amendment of Lease ([Item 39, December 2, 2013](#)) extending the construction completion date from December 31, 2013 to December 31, 2018, effective December 2, 2013. On October 16, 2015, the Commission authorized a revision of rent ([Item 16, October 16, 2015](#)) from \$3,100 per year to \$3,443 per year, effective November 16, 2015. On October 24, 2019, the Commission authorized a continuation of rent ([Executive Officer's Report, October 24, 2019](#)) for \$3,443 per year, effective November 16, 2019.
3. Under the terms of the current lease, the lessee holds a Lease Performance bond in the amount of \$50,000 and an MMP bond in the amount of \$400,000. The Lease Performance bond 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. It is recommended that the Lease Performance bond be increased from \$50,000 to \$300,000. The Mitigation Monitoring Program is complete and associated consultant costs have been paid in full. Staff recommends the MMP bond be released in full. The lease will expire on November 15, 2029.
4. This action is consistent with the "Address current and future risk and liabilities" in the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-25 Strategic Plan.
5. Approving the revision of rent and release of 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:**

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It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of rent from \$3,443 to \$938 per year and increase in bond from \$50,000 to \$300,000, and release of the MMP bond for Lease PRC 8856 of \$400,000, effective November 16, 2024.