

Staff Report 16

APPLICANT:

Pacific Gas and Electric Company

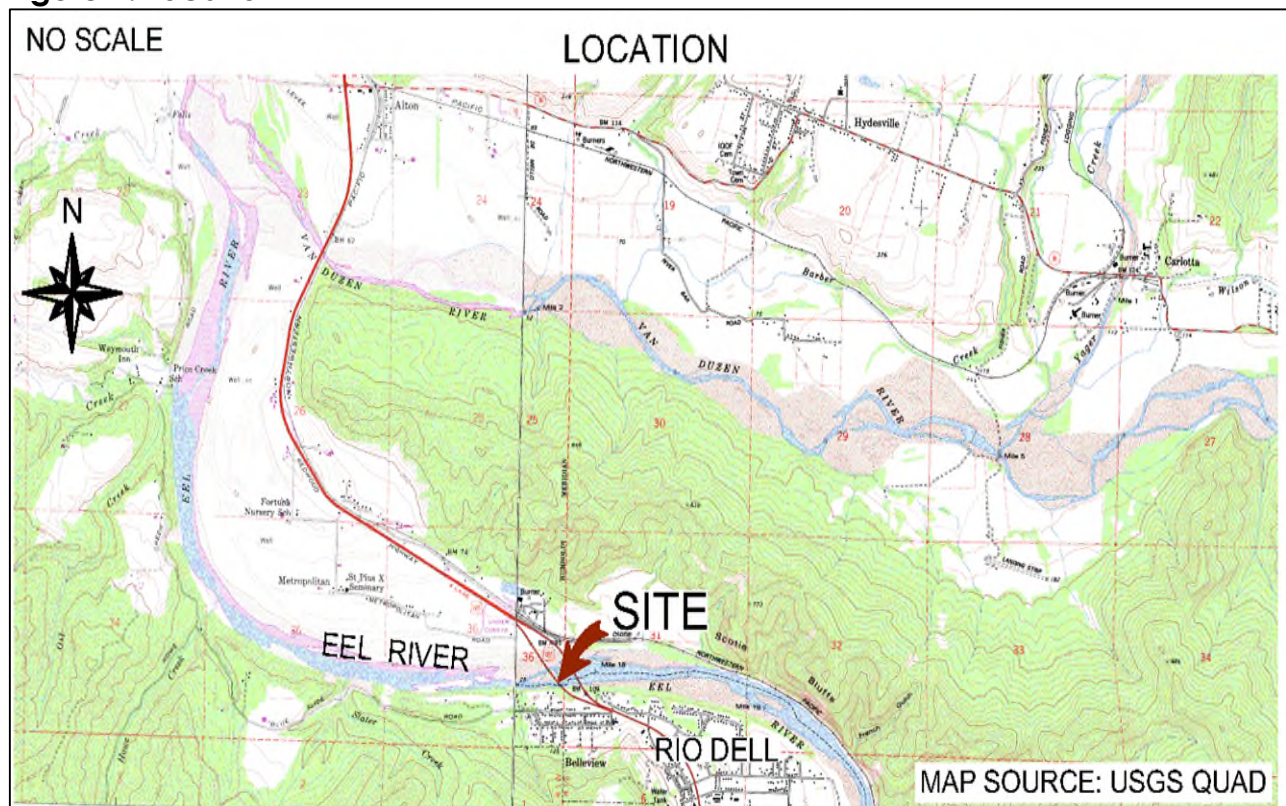
PROPOSED ACTION:

Issuance of a General Lease – Right-of-Way Use.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Eel River, adjacent to Assessor's Parcel Numbers 205-111-032 and 052-061-053, near Rio Dell, Humboldt County (as shown in Figure 1).

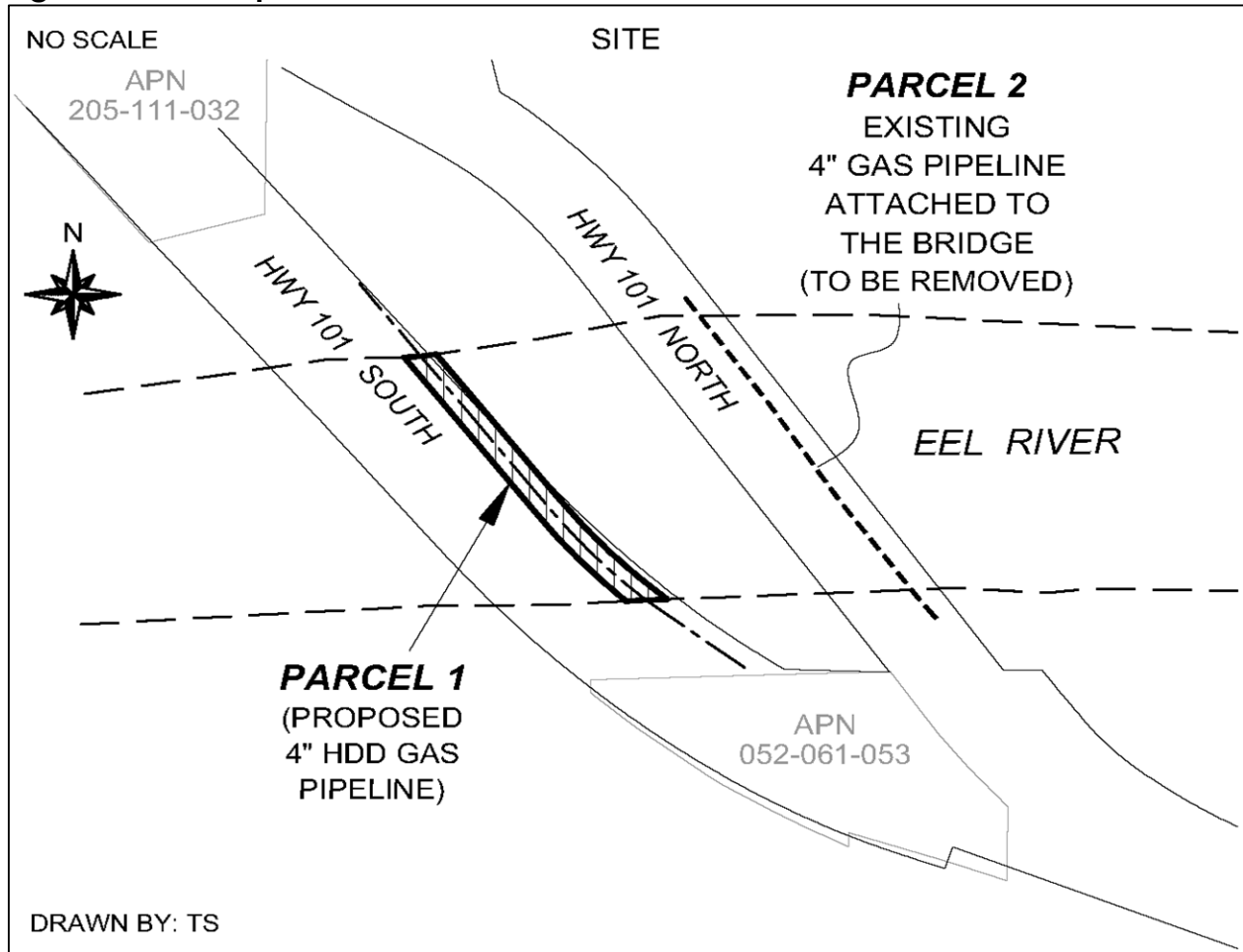
Figure 1. Location



AUTHORIZED USE:

Installation and use of a 4-inch-diameter natural gas pipeline installed by Horizontal Directional Drilling (HDD) methods; and use, preparation, and isolation activities necessary to safely remove from service an existing 4-inch-diameter natural gas pipeline attached to the U.S. Highway 101 Northbound Bridge (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:

Proposed natural gas pipeline: 20 years; beginning June 3, 2025.

Existing natural gas pipeline to be removed from service: 2 years; beginning June 3, 2025, or until satisfactory evidence showing the pipeline has been fully removed is accepted by the Commission.

CONSIDERATION:

Proposed natural gas pipeline: \$599 per year, with an annual Consumer Price Index adjustment and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

Existing natural gas pipeline to be decommissioned: Under the previously authorized Streets and Highways Code section 101.5 map, compensation is paid to the California Department of Transportation (Caltrans) for a pipeline encroachment permit which is deemed to be compensation for the use of state land when a Pacific Gas and Electric Company (PG&E) natural gas pipeline is located on a state-owned bridge.

SPECIFIC LEASE PROVISIONS:

- Liability insurance in an amount no less than \$10,000,000 per occurrence. Lessee may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as specified in the lease.
- Bond or other surety in the amount of \$300,000, to be reviewed every five years.
- Lessee shall have appropriate plans in place to address potential emergency scenarios, including inadvertent releases or hazardous spills, consistent with applicable regulatory requirements.
- Lessee shall ensure the construction of the HDD pipeline under Parcel 1 is safely installed and the pipes are fully inspected and meet statutory and regulatory testing requirements.
- Lessee shall provide post-construction project verification including: a set of "as-built" construction plans certified by a California registered Civil/Structural Engineer and a post-construction written narrative report confirming completion of the installation of the HDD pipeline.
- Lessee shall ensure the pipeline located in Parcel 2 and scheduled for removal from service is properly prepared for safe removal. Once done, Lessee shall notify Caltrans and coordinate as necessary to support the pipeline's removal.

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 Applicant is applying for a General Lease – Right-of-Way Use to install an approximately 4-inch-diameter natural gas pipeline under the Eel River using HDD methods and to use, prepare, and isolate an existing approximately 4-inch-diameter natural gas pipeline attached to the eastern side of the U.S. Highway 101 Northbound Bridge, located north of the city of Rio Dell, for decommissioning by Caltrans. The existing pipeline was not required to be authorized under a lease or sublease, as was Commission practice, when a pipeline encroachment permit is held between PG&E and Caltrans for a pipeline attached to a State-owned bridge. The Commission authorized a 101.5 map and Permit 3445 to Caltrans for the bridge on March 1, 1966 ([Item 21, March 1, 1966](#)).

The proposed pipeline replacement project is planned to accommodate the Caltrans Eel River Bridge Seismic Retrofit Project. Caltrans requires the Applicant's assistance with removal efforts for the existing 4 Inch Gas Transmission DFM 1309-01 located on the eastern side of the existing bridge to allow for the partial replacement of the bridge. The section of the existing pipeline planned to be removed is from mile post (MP) 3.49 to MP 4.13 and is approximately 2,970 feet long. The proposed 4 Inch Gas Transmission DFM 1309-01 would be installed and put into service before the existing pipeline is decommissioned and removed by Caltrans during the bridge retrofit project in order to provide residents and businesses of the City of Rio Dell and Scotia with necessary continuous gas supply.

The HDD drilling rig would be set up on the south side of the River, and the bore entry pit would be located between northbound and southbound U.S. Highway 101 bridges. Drilling would proceed from southeast to northwest, and the bore exit pit would be located within Northwestern Avenue. The pipeline pullback string will be assembled along Northwestern Avenue. The new crossing will be tied into the existing terrestrial pipeline network via short sections of trench-installed pipe and a pneumatic piercing tool to cross under Highway 101 northbound to Eeloa Avenue to Route 73. The completed crossing replacement would be pressure tested prior to being connected to the active system and placed into service. The Applicant has

permission to use the upland areas which would be restored once pipeline installation and commissioning have been completed. The HDD installation of the pipeline replacement crossing is currently planned to begin in Summer 2025 and completed by Fall 2025 to ensure the pipeline replacement project is completed prior to Caltrans mobilization in December 2025. Upon completion of installation and operation of the new pipeline crossing, periodic inspections, including internal inspections and pressure tests, will be necessary to fulfill ongoing regulatory compliance requirements.

After installation and operation of the new pipeline crossing is complete, the Applicant will support the decommissioning of the existing pipeline in accordance with the proposed lease obligations and notify Caltrans when the pipeline is safe to remove. This will include the Applicant purging any remaining gas, cleaning and isolating the line, and otherwise preparing the pipeline segment for removal, which will be carried out by Caltrans. Removal will involve disconnecting the pipeline from the bridge, removing it to a depth of 3 feet below grade, and capping or plating both ends of the bridge. The existing portions of the pipeline not under or within the bridge and not within the Commission's jurisdiction would be capped or plated and retired in place. Above-grade deactivated equipment would be removed by Caltrans during demolition of the bridge. Caltrans' application number 4238, for the bridge retrofit project, is also under consideration at the June 3, 2025 Commission meeting.

The proposed lease does not alienate the State's fee simple interest or permanently impair public rights. In addition, the lease has a limited 20-year term and does not grant the lessee exclusive rights to the lease premises. The proposed HDD pipeline would be located deep below the bed of the Eel River and would have no impact on recreational use at the river.

Additionally, the proposed lease requires the lessee to maintain a surety bond in the amount of \$300,000 and to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

CLIMATE CHANGE:

INTRODUCTION:

California is in the midst of the climate crisis, caused primarily by greenhouse gas emissions from the production and use of fossil fuels. In particular, the production and use of oil and gas, including natural gas, diesel, and gasoline, accounted for 78 percent of California's emissions in 2021 across all sectors.¹ Each year, global atmospheric concentrations of carbon dioxide and methane continue to rise to levels higher than any point in human history ([National Oceanic and Atmospheric Administration, 2024](#)). As a result, California is already experiencing a multitude of impacts from climate change, such as more extreme and frequent heatwaves, wildfires, drought, debris flows, rising sea surface temperatures, sea level rise, and ocean acidification.

DATA & PROJECTIONS:

The impacts of climate change are having negative consequences on human health, biodiversity, food and water security, property, and critical infrastructure ([Fifth National Climate Change Assessment: Southwest Region, 2023](#)). For example, between 2015 and 2021, California endured 15 of its 20 most destructive wildfires ever recorded, resulting in 42,000 destroyed structures and 154 lives lost ([CAL FIRE, 2024](#)). Devastating impacts such as these are projected to worsen as the climate continues to warm. If greenhouse gas emissions are not lowered substantially, air temperatures in California could increase 4.4 to 5.8 degrees Fahrenheit by 2050 and 5.6 to 8.8 degrees Fahrenheit by 2100 ([California's Fourth Climate Change Assessment Statewide Summary Report, 2018](#)).

The most effective way to prevent the worst impacts of the climate crisis is to reduce greenhouse gas emissions by eliminating the use of fossil fuels, including natural gas, and transitioning the state's energy portfolio to renewable and zero carbon sources such as solar, wind, and geothermal. [Senate Bill 1020](#) (Laird, 2022) requires that at least 90 percent of California's retail electricity come from renewable and zero-carbon sources by 2035, 95 percent by 2040, and 100 percent

¹ Based on all emissions from California Air Resources Board's [California GHG Inventory By Scoping Plan Category 2023 Edition: 2000 to 2021](#) with 'Sector & Activity Details' that list petroleum products and activities, including but not limited to natural gas, gasoline, crude oil, diesel, jet fuel, oil and gas production and processing, and petroleum refining.

by 2045. The State is already on its way, securing 39 percent of its energy from renewable sources in 2022, and 22 percent from other zero carbon sources, for a combined 61 percent of retail electricity ([California Energy Commission, 2024](#)). The proposed lease would expire before the 100 percent renewable, zero-carbon sources requirement date of 2045.

ANALYSIS:

While fossil fuels are still used to produce energy, it is crucial that emissions from their production and transportation are reduced as much as possible. Methane emissions occur throughout natural gas supply chains and infrastructure, from the production at gas wells to processing facilities, compressor stations, transportation pipelines, storage tanks, and distribution pipelines to consumers. Methane is the primary contributor to the formation of ground-level ozone, a hazardous air pollutant and greenhouse gas. It is also a major driver of global warming since it is 83 times more potent at warming the planet than carbon dioxide over a 20-year period ([EPA, 2025](#)).

The pipeline system included in this lease transports natural gas to the residents and businesses of the City of Rio Dell and Scotia in Humboldt County. Methane emissions from pipelines and associated equipment, such as valves and meters, commonly occur from unintended leaks at degraded components or loose connections and from the intentional venting of methane into the atmosphere for maintenance or safety purposes (e.g., blowdowns) ([EPA, 2023](#)). In 2023, the Environmental Protection Agency issued [new regulations](#) that will reduce emissions of methane and other harmful air pollution from natural gas operations, including transmission and distribution segments, by requiring routine monitoring for leaks, increasing the performance standards for equipment, and requiring new management practices to minimize or eliminate gas venting.

In addition to atmospheric impacts, methane is highly flammable. The lease premises is located in Rio Dell, Humboldt County, and may be susceptible to increased wildfire risk, flash flooding, and more intense storms due to climate change.

RECOMMENDATIONS:

To reduce the risks of leaks and methane emissions, the pipeline should be routinely monitored, maintained, and the best practices and best available technologies for emissions mitigation should be implemented, in accordance with all regulatory requirements (see the U.S. Environmental Protection Agency's recommendations

for [methane mitigation strategies](#)). Replacing older structural components with materials designed to better withstand heat fluctuations, extreme heat, and corrosion can reduce the likelihood of degradation and damage to the pipeline. Any future construction or activities on State land would require a separate authorization from the Commission. Regular maintenance, as required by the lease, may reduce the risks. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland are located in an area that may be subject to the effects of climate change.

CONCLUSION:

For all the reasons above, staff believes issuance of the lease will not substantially impair the public rights to navigation, fishing, and commerce, or substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the application 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. The lessee also has no right to a new lease or to renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.
3. The Caltrans Eel River Bridge Seismic Retrofit Project, which includes removal of the existing pipeline from the bridge, is also being considered at the June 3, 2025 Commission meeting. Caltrans submitted application number 4238 for the proposed termination of two existing Public Agency Permits and Right-of-Way Maps; and for Issuance of a Public Agency Permit and Right-of-Way Map Pursuant to Section 101.5 of the Streets and Highways Code and Section 6210.3 of the Public Resources Code.
4. The purpose of the California Environmental Quality Act (CEQA) is to "avoid or minimize environmental damage where feasible." (CEQA Guidelines section 15021).

A Mitigated Negative Declaration (MND), State Clearinghouse No. 2022100650, was prepared by Caltrans and adopted on May 18, 2023, for this project. As part

of its project approval, Caltrans adopted an Avoidance, Minimization and/or Mitigation Summary which has been incorporated into an Environmental Commitments Record (ECR). Staff reviewed these documents and determined that the MND adequately analyzes and mitigates all potentially significant adverse environmental impacts that fall within the Commission's jurisdiction.

Pursuant to State CEQA Guidelines sections 15096, subdivision (g)(1), and 15097, subdivision (a), and in conjunction with approval of this Project, Staff recommends that the Commission adopts [Caltrans' ECR \(provided for reference, as linked, Appendix H\)](#) for the portion(s) of the Project located on State lands, and delegates reporting and monitoring responsibilities to Caltrans, as the CEQA lead agency, per CEQA Guidelines section 15097. Caltrans will remain responsible for enforcing the ECR, unless otherwise delegated by such agency or until the Project is completed per CEQA Guidelines section 15097.

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 *et seq.*, but the activity will not affect those significant lands. Based upon participation from the agency nominating such lands through the CEQA review and permitting process, it is Staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

- City of Rio Dell
- California Department of Transportation

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that a Mitigated Negative Declaration, State Clearinghouse No. 2022100650, and an Environmental Commitments Record (ECR) incorporating CEQA mitigation measures were prepared by the California Department of Transportation and adopted on May 18, 2023, for the Project, and that the Commission has reviewed and considered the information contained therein; that in the Commission's independent judgment, the scope of activities to be carried out under the lease to

be issued by this authorization have been adequately analyzed; that none of the events specified in Public Resources Code section 21166 or the State CEQA Guidelines section 15162 resulting in any new or substantially more severe significant impact has occurred; and, therefore, no additional CEQA analysis is required.

Adopt the ECR, as referenced by name.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially impair the public rights to navigation, fishing, and commerce or substantially interfere with Public Trust needs and values at this location, at this time and for the term of the lease; and is in the best interests of the State.

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

1. Authorize issuance of a General Lease – Right-of-Way Use to the Applicant beginning June 3, 2025, for a term of 20 years, for installation and use of a 4-inch-diameter natural gas pipeline installed by HDD methods; annual rent in the amount of \$599 with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$10,000,000 per occurrence; Applicant may satisfy all or part of the insurance requirements through maintenance of a self-insurance program as outlined in the lease; and use, preparation, and isolation activities necessary to safely remove from service an existing 4-inch-diameter natural gas pipeline attached the U.S. Highway 101 Northbound Bridge, with removal to be completed no later than June 2, 2027; consideration being the compensation paid to Caltrans for a pipeline encroachment permit.
2. Authorize the Executive Officer or designee to replace Exhibits in the lease upon submission, review, and approval of as-built plans detailing the final location of the new improvements following construction.