AMENDMENT OF TRUST LANDS USE PLAN 
AND APPROVAL OF PROPOSED PIPELINE LEASE

LEGISLATIVE TIDELANDS GRANTEE:
City of Antioch
P. O. Box 5007
Antioch, California 94531

LESSEE OF TIDELANDS GRANTEE:
CPN Pipeline Company, A Delaware Corporation
6700 Koll Center Parkway, Suite 200
Pleasanton, California 94566

PROPOSED AUTHORIZATION:
1. Amendment of the City of Antioch Trust Lands Use Plan pursuant to its 
   Legislative Grant.

2. Approval of Lease Between the Legislative Grantee City of Antioch and its 
   proposed Lessee CPN Pipeline Company.

THE PROJECT:
CNP Pipeline Company is proposing to construct, through directional boring, a 
24-inch natural gas pipeline, 100 feet underneath the San Joaquin River in the 
city of Antioch to provide fuel to a new electrical generation facility known as the 
Delta Energy Center (DEC). The DEC is a limited liability corporation established 
by Calpine Corporation and Bechtel Enterprises, Inc., to develop, construct, and 
operate a 880 megawatt (MW) natural gas-fired power plant site proposed to be 
located on a 20-acre parcel owned by Dow Chemical in the city of Pittsburg. 
Among other things, the power plant is designed to supply the adjacent Dow 
Chemical facility with process steam and about 20 MW of electricity. Associated 
facilities include a new 3.3-mile, 230 kilovolt (kV) electric overhead/underground 
transmission line that will interconnect to the existing PG&E substation near the 
Pittsburg Power Plant; the above-referenced natural gas pipeline; and

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wastewater supply and discharge pipelines that connect to the adjacent Delta
Diablo Sanitation District. Except for the natural gas pipeline, all facilities are
outside the granted tide and submerged lands.

DEC's electrical output will be sold into the California Power Exchange, as well
as to wholesale power consumers. The estimated cost for the entire DEC project
is between $350-$450 million.

AMENDMENT OF TRUST LANDS USE PLAN
The sovereign lands in the San Joaquin River at this location have been granted
to the city of Antioch, in trust, pursuant to Chapter 1067, Statutes of 1989. These
lands are to be held by the grantee for the statewide purposes of commerce,
navigation, fisheries and other public trust purposes. Any uses of these lands
must be consistent with the public trust and the granting statute.

Among other things, the granting statute requires that the City submit to the
Commission on or before January 1, 1994, a Trust Lands Use Plan indicating the
details of the intended development, preservation, or other use of the trust lands
[Section 2(a)]. On November 15, 1994, the Commission found that the "Antioch
Urban Waterfront Restoration Plan," adopted by the City in 1991, met the
requirements of the Trust Lands Use Plan as defined in the granting statute.

The granting statute further requires Commission approval of all changes of,
amendments to, or extensions of the Trust Lands Use Plan; and that any use of
the trust lands shall be consistent with the Trust Lands Use Plan as approved by
the Commission [Section 2(a)].

The City proposes to amend the Trust Lands Use Plan by adding a new element
permitting its proposed lessee to construct, operate and maintain a 24-inch
diameter natural gas pipeline beneath and through its granted lands as described
above. On April 11, 2000, the City approved the amendment to the Trust Lands
Use Plan.

Staff has reviewed the amendment to the Trust Lands Use Plan and has found
that it is consistent with the granting statute and is in the best interests of the
State.
APPROVAL OF PROPOSED LEASE

Section 1(b)(7) of the statute requires that the "trustee shall not authorize a capital outlay project, lease, or agreement for port facilities, such as . . . pipelines . . . without first requesting and receiving approval, in writing, of the Commission. The statute further requires that the Commission determine the project is in, and for, the best interest of the people of the State and consistent with applicable provisions of law. Section 2(e) requires that all leases or agreements proposed or entered into after January 1, 1990, shall be consistent with the Trust Lands Use Plan and approved by the Commission.

The city of Antioch and its proposed lessee, CPN Pipeline Company, which is the owner of the pipeline which is providing fuel to DEC's power plant in Pittsburg, have negotiated a lease for the pipeline. On April 11, 2000, the City approved the lease.

Staff has reviewed the lease and believes that it is consistent with the granting statute and the Trust Lands Use Plan, and in, and for, the best interests of the State.

OTHER PERTINENT INFORMATION:

1. On February 9, 2000, the California Energy Commission (CEC) granted the final "Presiding Member's Proposed Decision for the Application for Certification for the Delta Energy Center, Calpine Corporation and Bechtel Enterprises, Inc.", Docket No. 98-AFC-3, under its certified program. (Title 14, California Code of Regulations, section 15251 (k)). The Decision contains "Conditions of Certification" which incorporate mitigation measures determined to reduce the proposed project's potential significant environmental impacts to less than significant and verification requirements designed to ensure implementation of such mitigation.

Staff has reviewed the document and determined that the conditions, as specified in Title 14, California Code of Regulations, section 15253 (b), have been met for the Commission to use the environmental analysis document certified by the California Energy Commission as a EIR equivalent in order to comply with the requirements of the CEQA, in its exercise of its obligations under the provisions of the City's grant.
CALENDAR ITEM NO. C19 (CONT'D)

2. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:
A. Location Map

PERMIT STREAMLINING ACT DEADLINE:
June 5, 2000

RECOMMENDED ACTION:
IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:
FIND THAT AN ENVIRONMENTAL ANALYSIS DOCUMENT WAS ADOPTED FOR THIS PROJECT, DOCKET NO. 98-AFC-3 BY THE CALIFORNIA ENERGY COMMISSION (CEC) UNDER ITS CERTIFIED PROGRAM TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15251 (k) AND THAT THE CALIFORNIA STATE LANDS COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION THEREIN AND CONCURS IN THE CEC'S DETERMINATION.


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 SECTIONS 6370, ET SEQ.
CALANDAR ITEM NO. **C19** (CONT'D)

**AUTHORIZATION:**

1. **AMENDMENT OF TRUST LANDS USE PLAN PURSUANT TO CHAPTER 1067, STATUTES OF 1989:**
   


   C. **APPROVE THE LEASE BETWEEN THE CITY OF ANTIOCH AND CPN PIPELINE COMPANY, A DELAWARE CORPORATION, APPROVED BY THE CITY OF ANTIOCH AT ITS APRIL 11, 2000, MEETING.**
This exhibit is solely for purposes of generally defining the area to be leased, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or other property.