

**CALENDAR ITEM
C28**

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S 16

02/08/11
PRC 4989.1
D. Simpkin

GENERAL LEASE – RIGHT OF WAY USE

APPLICANT:

Southern California Gas Company
555 West Fifth Street, GT26C2
Los Angeles, CA 90013

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Kings River, near State Highway 41, Kings County

AUTHORIZED USE:

The continued use and maintenance of one 16-inch diameter pipeline used for the transmission of natural gas as shown on attached Exhibit A.

LEASE TERM:

10 years, beginning March 1, 2010.

CONSIDERATION:

Annual rent in the amount of \$100, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Liability insurance in the amount of no less than \$1,000,000. Applicant may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as outlined in the Lease.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. On February 27, 1975, the Commission authorized the issuance of a General Lease – Right of Way Use, PRC 4989.1, to Southern California Gas Company, for a 15-year term, effective March 1, 1975, with renewal options for three successive periods of 10 years each. The lease has been renewed twice, effective March 1, 1990, and March 1, 2000. The lease expired February 28, 2010. The Applicant is now proposing to

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exercise its third 10-year renewal option by applying for a new General Lease – Right of Way Use for the 16-inch diameter natural gas pipeline.

3. The 16-inch diameter pipeline extends across the bed of the Kings River. The land adjacent to the lease premises is primarily agricultural in use. The area is rural with very little development. The city of Hanford is approximately 8 miles to the east.
4. The pipeline is regulated by the Federal Department of Transportation (DOT) and the California Public Utilities Commission (CPUC). Commission staff has found the operation of the pipeline to be in compliance with the requirements of DOT and CPUC.
5. The previous lease required the Lessee to provide written evidence of compliance with Title 49 of the Code of Federal Regulations and CPUC GO 112-E and 58-A to Commission staff beginning January 1, 2002, and every two years thereafter. On November 1, 2010, the Lessee provided staff the dates of the most recent inspections, operations and maintenance activities/reports pursuant to the terms of the Lease. An annual leak survey was completed on April 4, 2010; pipeline patrol completed on April 8, 2009; cathodic protection maintenance on February 2, 2010 and August 2, 2010; and critical valve inspections on September 8, 2009. No leaks, abnormal conditions, or abnormal readings were found. The Lessee will continue to be required to provide such evidence beginning March 1, 2012, and every two years thereafter.
6. The lease will require Southern California Gas Company to submit no later than two years prior to the expiration of the lease either: (a) an application for a new lease for the continued use of the Lease Premises, or (b) a plan for restoration of the Lease Premises to be completed prior to the expiration of the lease term. In the event the pipeline is proposed to be abandoned in place, Southern California Gas Company will provide a detailed abandonment plan and procedures for the existing pipeline, including a long-term monitoring plan.
7. Pursuant to the Commission's delegation of authority and State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

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Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, Section 2905.

8. 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 staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Location and Site Map
- B. Land Description

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

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.

AUTHORIZATION:

Authorize issuance of a 10-year General Lease – Right of Way Use to Southern California Gas Company beginning March 1, 2010, for the continued use and maintenance of a 16-inch diameter natural gas pipeline as shown on Exhibit A (for reference purposes only) and described in Exhibit B attached and by this reference made a part hereof; annual rent in the amount of \$100, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; and authorize Lessee to provide liability insurance coverage in the amount of not less than \$1,000,000; Lessee may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as outlined in the Lease.