

**CALENDAR ITEM
C56**

A 35
S 17

06/28/16
PRC 8154.1
R. Collins

REVISION OF RENT

LESSEE:

AT&T Corp.
1 AT&T Way, Room 3D 151F
Bedminster, NJ 07921

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, offshore of Montaña de Oro State Park, San Luis Obispo County.

AUTHORIZED USE:

Continued use and maintenance of one 3.75-inch-diameter steel conduit and one 1.25-inch fiber optic cable.

LEASE TERM:

15 years, beginning April 20, 2010.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$118,814 per year to \$130,800 per year, effective April 20, 2016.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjacent to the Lease Premises.
2. On October 29, 2010, the Commission authorized a General Lease - Non-Exclusive Right-of-Way Use to AT&T Corp. for a term of 15 years, for the continued use and maintenance of one 3.75-inch-diameter steel conduit and one 1.25-inch fiber optic cable. The lease will expire April 19, 2025.
3. The lease includes a condition requiring cable burial inspection surveys to be performed every five years. The most recent burial inspection surveys were conducted in the fall of 2015, and staff is in the process of reviewing

CALENDAR ITEM NO. **C56** (CONT'D)

the results. The lease does not include oil or gas pipelines that might release petroleum products into the environment, however surveys are required to verify that the cables remain buried and are not a threat to commercial and recreational fishing. The 2010 survey of this line did not show any exposed cables.

4. On November 12, 2015, the Lessee delivered the required 2-year advance notification to Commission staff of its intent to terminate the lease on November 9, 2017, and an application to terminate the lease has been received. Staff is reviewing alternatives for the removal and restoration of the lease premises. Staff will return to the Commission at a later date with a recommendation for the final disposition of the cable along with a full analysis under the California Environmental Quality Act (CEQA).
5. This proposed action is consistent with Strategy 2.1 of the Commission's Strategic Plan to optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.
6. Approving the revision of rent is not a project as defined by CEQA 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, section 15378, subdivision (b)(5).

EXHIBIT:

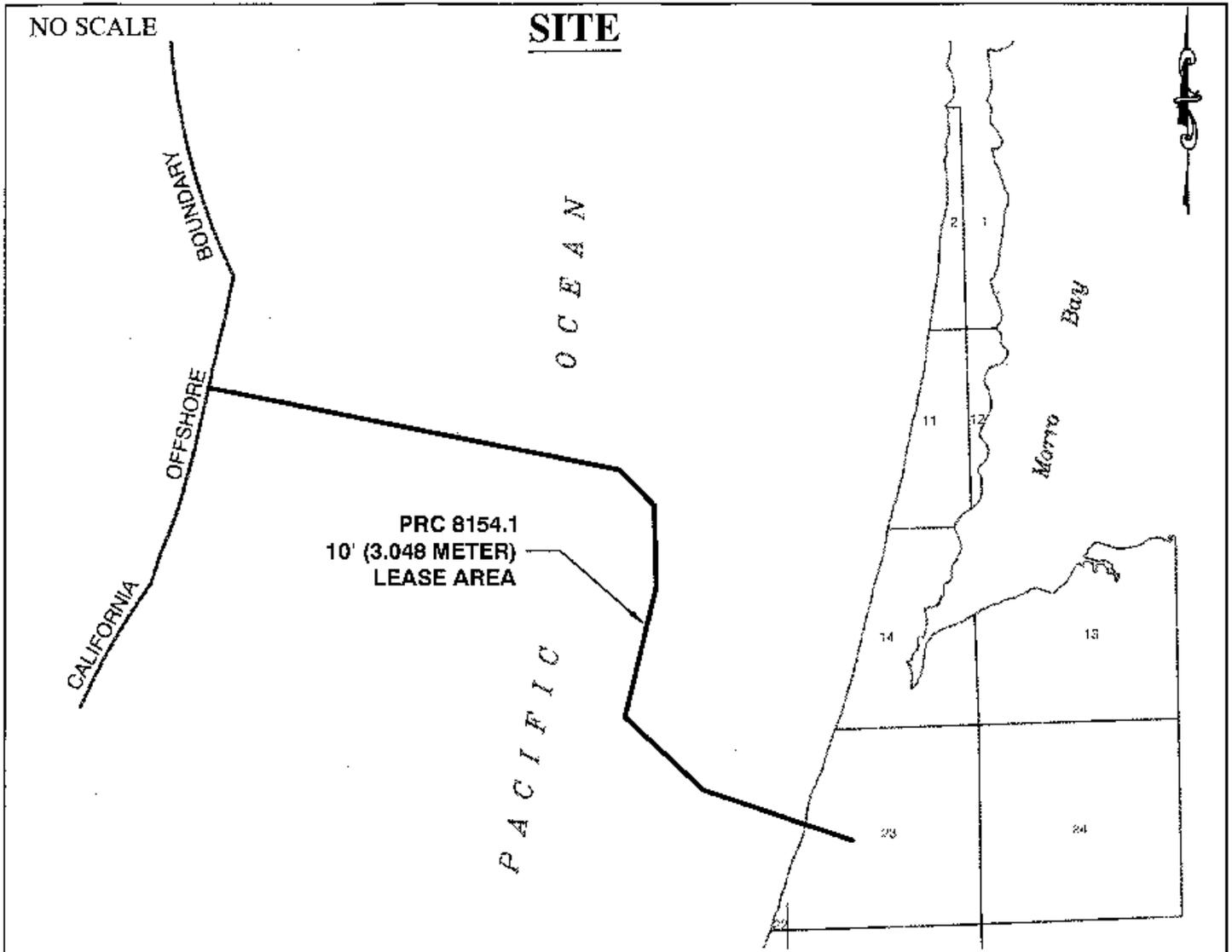
- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8154.1 from \$118,814 per year to \$130,800 per year, effective April 20, 2016.



AT&T FIBER OPTIC CABLE AND CONDUIT

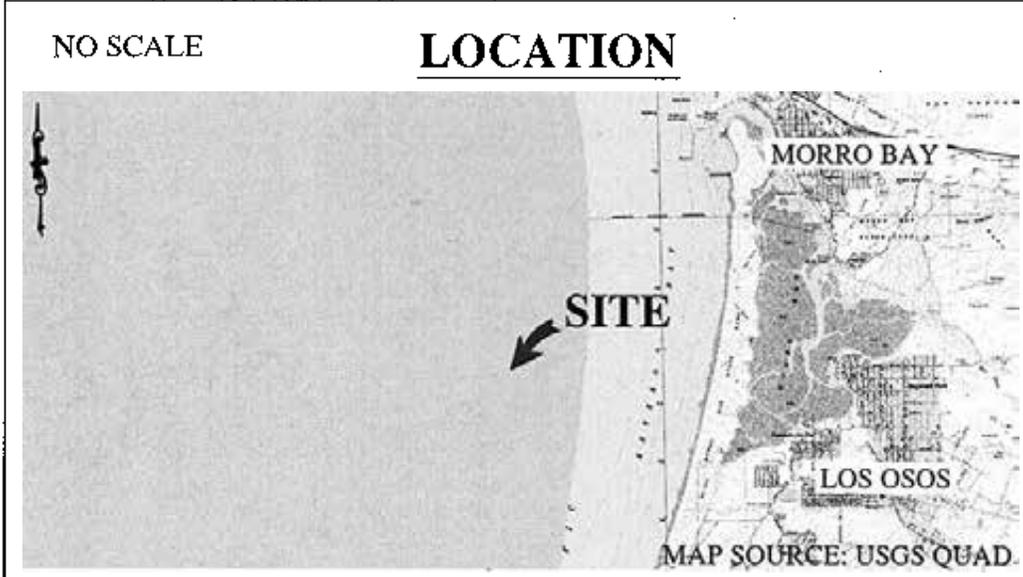
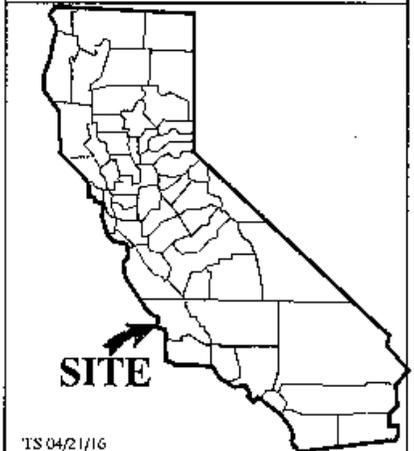


Exhibit A
 PRC 8154.1
 AT&T CORP.
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SAN LUIS OBISPO CO.



TS 04/21/16

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.