

**CALENDAR ITEM
C67**

A 33
S 16

06/22/17
PRC 8412.2
J. Toy

REVISION OF RENT

LESSEE:

Kern River Gas Transmission Company

AREA, LAND TYPE, AND LOCATION:

3.05 acres, more or less, of State-owned school land within a portion of Section 16, Township 17 North, Range 14 East, SBM, near Daggett, San Bernardino County.

AUTHORIZED USE:

Continued use and maintenance of one 36-inch-diameter steel natural gas pipeline.

LEASE TERM:

19 years, beginning August 1, 2002.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff reviewed the rent under this lease and recommends that rent be revised from \$3,826 per year to \$9,567 per year, effective August 1, 2017.

OTHER PERTINENT INFORMATION:

1. On August 1, 2002, the Commission authorized a General Lease – Right-of-Way Use to Kern River Gas Transmission Company for a term of 19 years beginning August 1, 2002 ([Calendar Item C1, August 14, 2002](#)). The lease will expire on July 31, 2021.
2. On July 1, 2014, the chargeable rental rate per diameter inch per lineal foot of pipeline, conduit, or fiber optic cable was increased from \$0.02 to \$0.05. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(4).) Staff conducted the rent review called for in the lease and recommends the rent be increased using the updated rate per diameter inch per lineal foot from \$3,826 per year to \$9,567 per year, effective August 1, 2017.
3. The lease requires internal and external inspections, a subsidence hazard reassessment, and cathodic protection inspections. Staff received and are

CALENDAR ITEM NO. **C67** (CONT'D)

currently reviewing a summary of the lessee's 2015 internal inspection and have requested additional details. Staff also requested information concerning subsidence hazards and cathodic protection results.

4. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
5. Approving the revision of rent 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, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

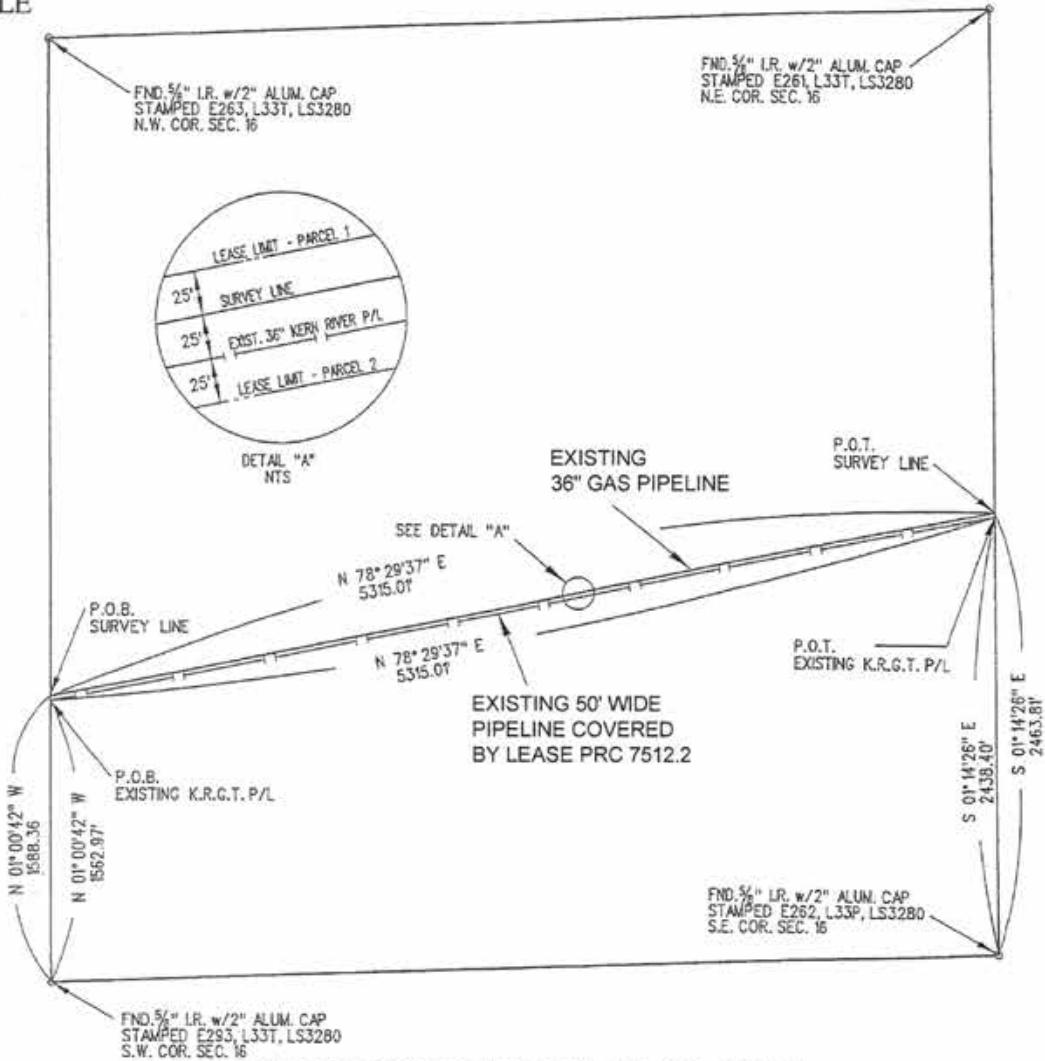
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8412.2 from \$3,826 per year to \$9,567 per year, effective August 1, 2017.

SITE

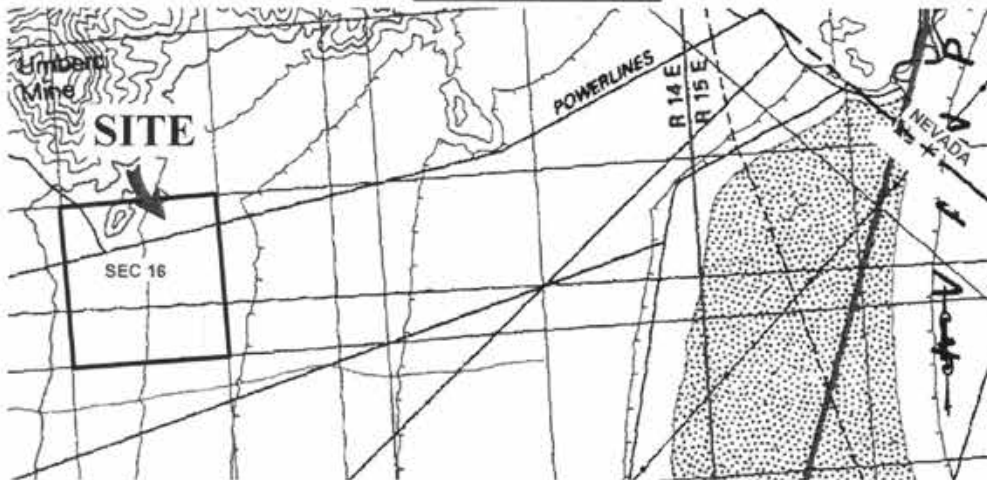
NO SCALE



SECTION 16, T17N, R14E, SBM

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 8412.2
 KERN RIVER GAS
 TRANSMISSION CO.
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SAN BERNARDINO CO.



SITE

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.