

12. AMENDMENT OF LEASE P.R.C. 3193.1, SAN ONOFRE, SAN DIEGO COUNTY; SOUTHERN CALIFORNIA EDISON COMPANY AND SAN DIEGO GAS AND ELECTRIC COMPANY - W.O. 6801.

After consideration of Calendar Item 32 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE AMENDMENT OF LEASE P.R.C. 3193.1, HELD BY SOUTHERN CALIFORNIA EDISON COMPANY, AS FOLLOWS:

1. TO SPECIFY SOUTHERN CALIFORNIA EDISON COMPANY AS TO AN 80% INTEREST AND SAN DIEGO GAS AND ELECTRIC COMPANY AS TO A 20% INTEREST.
2. TO ADD THE FOLLOWING SUPPLEMENTARY PARAGRAPH TO THE INSTRUMENT:

"THE CONSENT OF THE STATE IS HEREIN GIVEN TO THE ENCUMBRANCES BY THE LESSEE OF ITS INTEREST HEREUNDER AND PURSUANT TO A TRUST INDENTURE DATED AS OF OCTOBER 1, 1923, GIVEN BY LESSEE TO HARRIS TRUST AND SAVINGS BANK AND SECURITY FIRST NATIONAL BANK OF LOS ANGELES (SUCCESSORS, BY CONSOLIDATION AND MERGER, TO PACIFIC SOUTHWEST TRUST AND SAVINGS BANK), AS TRUSTEE, AS SAID INDENTURE IS FROM TIME TO TIME SUPPLEMENTED AND AMENDED, IMPOSING A LIEN OR CHARGE UPON SUBSTANTIALLY ALL OF LESSEE'S PROPERTY FOR THE BENEFIT OF ITS BONDS FROM TIME TO TIME OUTSTANDING THEREUNDER. THIS CONSENT SHALL NOT PREVENT THE STATE FROM EXERCISING ANY OF ITS RIGHTS UNDER SAID LEASE. HOWEVER, UNDER PUBLIC RESOURCES CODE SECTION 6501 THE TERMS 'LEASE' AND 'EASEMENT' MAY BE USED INTERCHANGEABLY, AND THE STATE HAS NO OBJECTION TO SOUTHERN CALIFORNIA EDISON COMPANY CALLING ITS RIGHTS UNDER SAID DOCUMENT AN 'EASEMENT' FOR PURPOSES OF ITS BONDED INDEBTEDNESS."

3. TO AMEND THE TERMS TO 49 YEARS FROM SEPTEMBER 24, 1964, WITH PROVISION FOR REVIEW OF THE RENTAL AT 5-YEAR INTERVALS COMMENCING SEPTEMBER 24, 1969.

Attachment
Calendar Item 32 (2 pages)

*Rescinded by Minute Item
33, pg. 980, dt 8/28/68.
E. Denny*

CALENDAR ITEM

2/68
W.O. 6801

32.

AMENDMENT OF LEASE P.R.C. 3193.1

APPLICANT: Southern California Edison Company and
San Diego Gas and Electric Company

LOCATION: San Onofre, San Diego County

PRESENT USE: Construction, operation, and maintenance of two water-circulating
conduits and appurtenances

TERMS: Initial period: 15 years, from September 24, 1964
Renewal options: 3 additional periods of 10 years each

CONSIDERATION: \$497.62 per annum

BASIS FOR CONSIDERATION:
-0662 of appraised value of land

PREREQUISITE ITEMS:

U.S.A. Corps of Engineers navigational permit issued
Applicant is lessee or permittee of upland

STATUTORY AND OTHER REFERENCES:

- a. Public Resources Code: Div. 6, Pt. 2, Ch. 1, Secs. 6501-6509
- b. Administrative Code: Title 2, Div. 3, Secs. 2000-2011
- c. Commission policy: Minute Item 18 of November 18, 1959

OTHER PERTINENT INFORMATION:

Lease P.R.C. 3193.1 was issued to Southern California Edison Company and San Diego Gas and Electric Company effective September 24, 1964. The lease covers two circulating-water conduits, in an area 100 feet in width by 3310 feet in length, on tide and submerged lands, which are used in conjunction with the operation of the San Onofre Nuclear Generating Station at San Onofre.

Southern California Edison Company, with the approval of San Diego Gas and Electric Company, has requested the following:

1. That the agreement be amended to specify Southern California Edison Company as to an 80% interest and San Diego Gas and Electric Company as to a 20% interest.
2. That supplemental language be added to the agreement which will enable Southern California Edison Company to refer to the instrument as an "easement" (as opposed to a lease), which can be used as security for bond indebtedness under its trust indenture.

CALENDAR ITEM 32. (CONTD.)

3. That the term be amended to 49 years from September 24, 1964, with provision for review of the rental by the State at 5-year intervals.

With reference to Amendment No. 2, the Trust Indenture dated October 1, 1923, states that property for the increase of bond indebtedness "...shall not include any leasehold interest." The indenture provides that property which may secure further indebtedness may include "...franchises, ordinances, grants, easements, permits...."

The instruments issued by the State Lands Division are commonly referred to as leases, and the Public Resources Code Section 6501 uses the terms leases and easements interchangeably. In lieu of rewriting the entire instrument to reflect changes in nomenclature with no change in its essential conditions, a paragraph would be added that would enable the applicant to classify the instrument as an "easement" and satisfy the requirements of the trust indenture. (Refer to recommendations.)

As to Amendment No. 3, applicant states that the companies have a two-million-dollar investment in the cooling-water conduits, which have an expected life in excess of fifty years. Applicant therefore requests a more permanent right (49 years from September 24, 1964) and has agreed to a rental review at five-year intervals beginning September 24, 1969.

EXHIBITS: A. Location map

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AMENDMENT OF LEASE P.R.C. 3193.1, HELD BY SOUTHERN CALIFORNIA EDISON COMPANY, AS FOLLOWS:

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