MINUTE ITEM
This Calendar Item No. C28 was approved as Minute Item No. 28 by the California State Lands Commission by a vote of 3 to 0 at its 6-19-98 meeting.

CALENDAR ITEM
C28

A

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06/19/98
PRC 1390.1
B. Dugal

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:
Pacific Gas and Electric Company
P. O. Box 770000-N10A
San Francisco, California 94177

ASSIGNEE:
Duke Energy Morro Bay, L. L. C.
P. O. Box 690
Moss Landing, California 95039-0690

AREA, LAND TYPE, AND LOCATION:
62.74 acres, more or less, of sovereign lands in the Pacific Ocean, at Estero Bay near Morro Bay, San Luis Obispo County.

AUTHORIZED USE:
Continued use and maintenance of an existing marine oil terminal.

LEASE TERM:
49 years, beginning June 23, 1954.

CONSIDERATION:
$117,812 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. The Assignor owns the uplands adjoining the lease premises.

2. In response to the California deregulation of the electric industry, Pacific Gas and Electric Company (PG&E) is currently selling several of its fossil fuel power plants including the Morro Bay Power Plant. PG&E has entered into a contract with Duke Energy Morro Bay, L. L. C. (Duke Energy), a Delaware limited liability company, to purchase the Morro Bay Power Plant.

3. Operation of the Morro Bay Power Plant is subject to a number of existing regulatory permits and licenses including State Lease No. PRC 1390.1. Lease No. PRC 1390.1 was issued by the California State Lands Commission (CSLC) to PG&E for the installation and maintenance of a marine oil terminal, mooring buoys and appurtenant pipelines offshore from the power plant. Currently, the facilities authorized under lease PRC 1390.1 are not actively being utilized and have been placed in "caretaker" status.

4. As part of the sale of the Morro Bay Power Plant, PG&E has requested the CSLC to consider assigning all of its right, title and interest in Lease No. PRC 1390.1 to Duke Energy.

5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

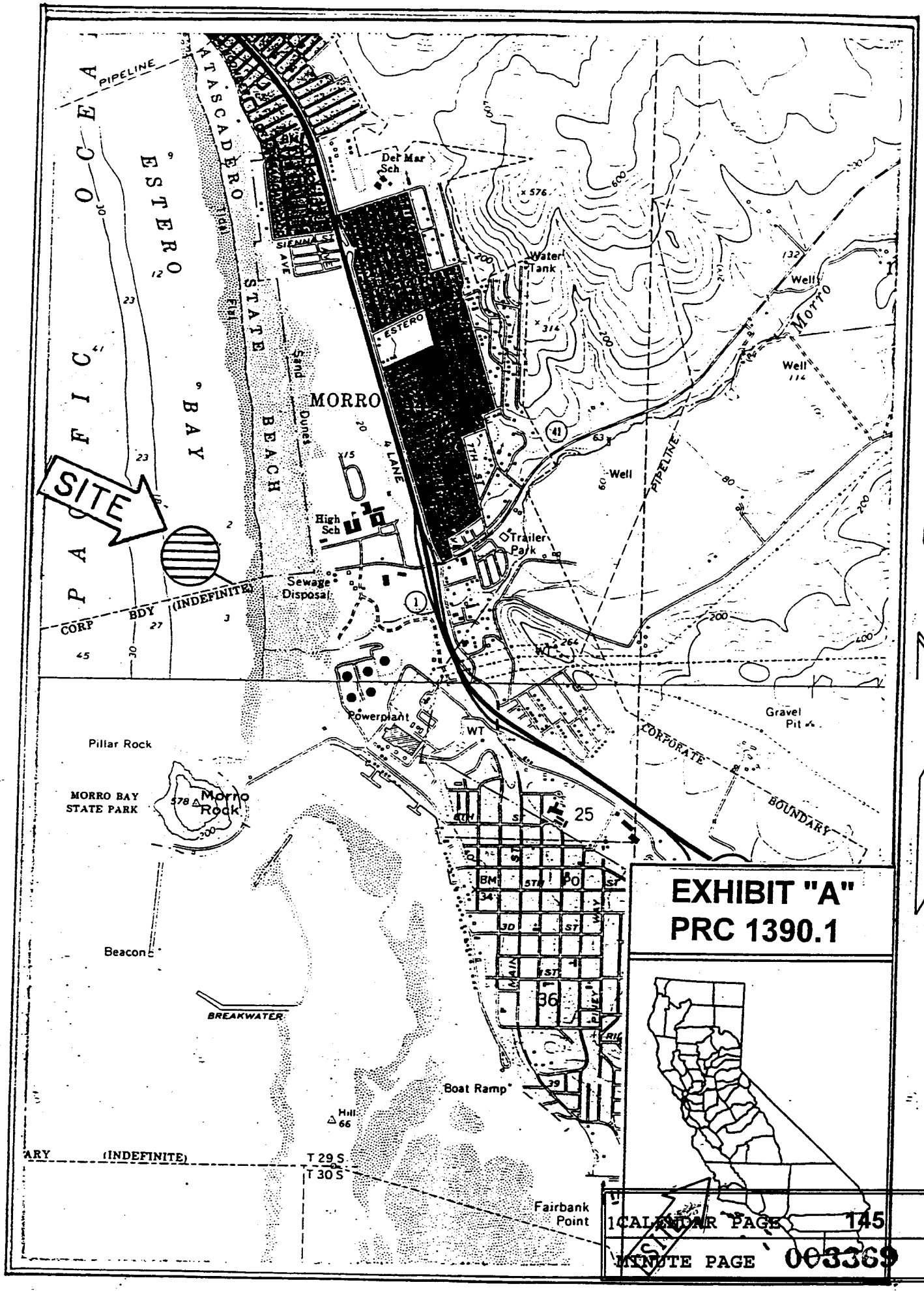
IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

AUTHORIZE THE ASSIGNMENT OF LEASE NO. PRC 1390.1, A GENERAL LEASE - RIGHT-OF-WAY USE, OF SOVEREIGN LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; FROM PACIFIC GAS AND ELECTRIC COMPANY TO DUKE ENERGY MORRO BAY, L. L. C., EFFECTIVE JULY 1, 1998.


PACIFIC OCEAN
ESTERO BAY
ATASCADERO STATE BEACH
PIPELINE
Del Mar Sch
SIENNA ST
AVE
ESTERO
MORRO
Sand Dunes
4 LANE
7TH ST
Water Tank
Well
Well
Well
MORRO
PIPELINE
SITE
High Sch
Trailer Park
Sewage Disposal
CORP BDY (INDEFINITE)
Powerplant
WT
Gravel Pit
CORPORATE BOUNDARY
Pillar Rock
MORRO BAY STATE PARK
Morro Rock
25
36
Beacon
BREAKWATER
Boat Ramp
Hill
T 29 S
T 30 S
(INDEFINITE)
Fairbank Point
EXHIBIT "A"
PRC 1390.1