

MINUTE ITEM
This Calendar Item No. C18 was approved as
Minute Item No. 18 by the California State Lands
Commission by a vote of 3 to 2 at its
8-19-03 meeting.

**CALENDAR ITEM
C18**

A) 41

S) 19

PRC 4196

08/19/03
WP 4196.1
M. Hays

**LEASE RENEWAL
GENERAL LEASE- INDUSTRIAL USE**

APPLICANT:

Reliant Energy Ormond Beach, Inc.
6635 So. Edison Drive
Oxnard, CA 93033

AREA, LAND TYPE, AND LOCATION:

5.74 acres of sovereign lands in the Pacific Ocean, near Oxnard, offshore
Ormond Beach, Ventura County.

AUTHORIZED USE:

Continued use and maintenance of two existing 14-foot diameter in-take and
discharge cooling water conduits serving the Ormond Beach power generating
station.

PREVIOUS LEASE TERM:

14 years, beginning April 24, 1989.

PROPOSED LEASE TERM:

14 years, beginning April 24, 2003.

CONSIDERATION:

\$34,731 annually; with the State reserving the right to fix a different rent
periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability Insurance of no less than \$5,000,000.

CALENDAR ITEM NO. C18 (CONT'D)

Surety Bond:
\$1,000,000

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the Lease Premises.
2. PRC 4196.1 was originally approved by the Commission and issued to Southern California Edison (SCE) on April 28, 1969 with an effective date of April 24, 1969, for a term of 20 years with two 14-year renewal options. The first 14-year renewal was exercised and approved by the Commission on April 26, 1989.
3. SCE subsequently sold its' interest in the Ormond Beach Power Plant to Ormond Beach Power Generation, LLC (OBPG). On December 16, 1998, the Commission approved the assignment of PRC 4196.1 to OBPG. In 1999, OBPG changed its name to Reliant Energy Ormond Beach, LLC, (Reliant) and in March 2002 converted from a limited liability company to a corporation. Reliant has now provided notice to the Commission of its desire to exercise the last of the 14-year renewal options.
4. Ormond Beach Generating Station is a 1,500-megawatt plant that consists of two natural gas fueled steam electric generating units. The two water conduits authorized by PRC 4196.1 consist of one cooling water intake structure that draws water from the ocean and one discharge structure that discharges once-through cooling water back into the Pacific Ocean from the two steam electric generating units. The water in-take structure is located approximately 2,499 feet offshore at a depth of 34 feet Mean Lower Low Water (MLLW) and draws water from a depth of 25 feet below MLLW. The water discharge line is located approximately 1,789 feet offshore at a depth of 20 feet MLLW. Reliant discharges up to 688.2 million gallons per day of waste water that consists of once-through cooling water, treated metal cleaning wastes (wastewaters resulting from chemical cleaning of any metal process equipment, including, but not limited to, boiler tube, boiler fireside, and air preheaters) and low volume wastes (softener regeneration wastes, fireside and air preheater washes, floor drains, and boiler blowdown wastes) into the Pacific Ocean.

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5. The chemical and non-chemical metal cleaning wastes are collected separately and pretreated. The pretreated metal cleaning wastes, together with other low volume wastes are stored in two-retention/settling basins, located upland, where the wastes settle out and the residues are disposed at legal upland disposal sites, before being discharged with the once-through cooling water to the Pacific Ocean.
6. Reliant is required to comply with California Regional Water Quality Control Board's (RWQCB) National Pollutant Discharge Elimination System Permit (NPDES). Commission staff has received and reviewed the current NPDES Permit No. CA001198, which expires on May 10, 2006. Pursuant to the NPDES, Reliant is required to maintain a marine water-monitoring program, which includes studies of impacts to receiving waters from discharges and biological monitoring of intake waters for impingement impacts on marine life. Reliant is also is required to provide regular monitoring reports that address the physical studies and monitoring of receiving and discharging of water at the generation station. The monitoring program is required in order to determine compliance with the NPDES permit and demonstrate that State water quality standards are met.
7. Section 316(b) of the Federal Clean Water Act (Act) requires that the location, design, construction and capacity of cooling water intake structures reflect the best available technology for minimizing adverse environmental impacts.

In accordance with Federal and State guidelines for Section 316(b) of the Act, Reliant conducted a study in April 1999 to determine whether the cooling water intake structures are in compliance. At the public meeting held on June 28, 2001, the RWQCB found the study adequately addressed the important ecological and engineering factors specified in the guidelines, and demonstrated that ecological impacts of the intake system are environmentally acceptable, and determined that no modification to the intake structure was required. Further, the RWQCB found that the design, construction, and operation of the intake structure represents best available technology as required by Section 316(b) of the Act.

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8. 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 as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

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

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

EXHIBIT:

- A. Site and Location

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 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:

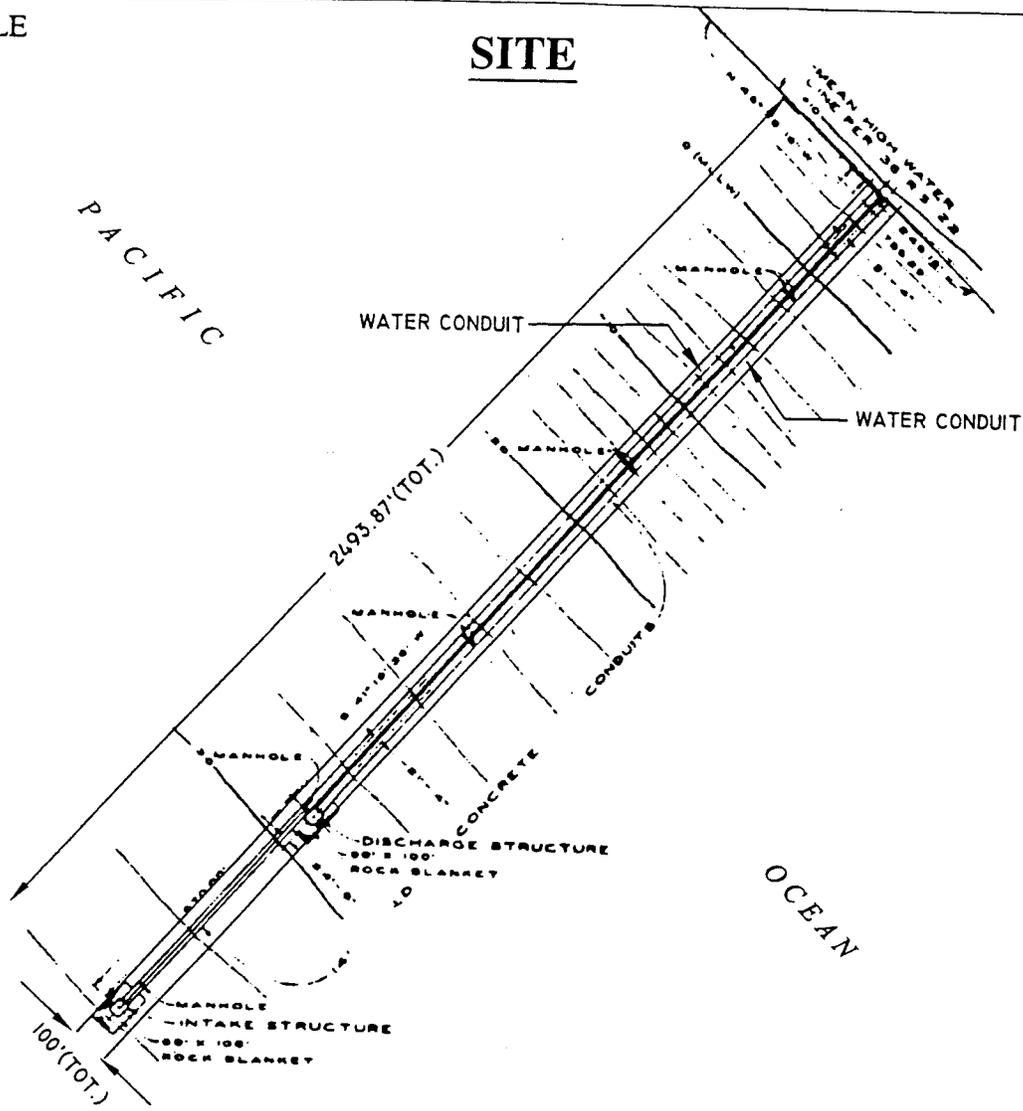
AUTHORIZE ISSUANCE OF A RENEWAL OF A GENERAL LEASE-INDUSTRIAL USE TO RELIANT ENERGY ORMOND BEACH, INC,

CALENDAR ITEM NO. C18 (CONT'D)

BEGINNING APRIL 24, 2003, FOR A TERM OF 14 YEARS, FOR THE CONTINUED USE AND MAINTENANCE OF TWO EXISTING COOLING WATER CONDUITS ON THE LAND SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL CONSIDERATION IN THE AMOUNT OF \$34,731, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE WITH COVERAGE OF NO LESS THAN \$5,000,000; SURETY BOND IN THE AMOUNT OF \$1,000,000.

NO SCALE

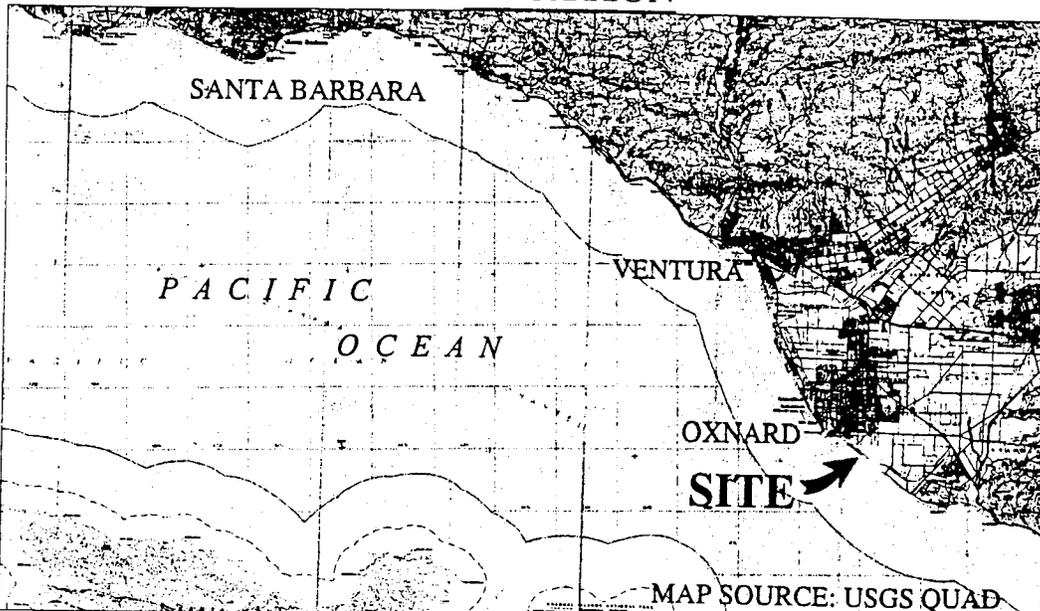
SITE



ORMOND BEACH, OXNARD, CALIFORNIA

NO SCALE

LOCATION



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.

CALENDAR PAGE

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Exhibit A

PRC 4196.1

Reliant Energy

Ormond Beach Inc.

General Lease-Industrial Use

VENTURA COUNTY



SITE

MJJ 07/03