

MINUTE ITEM

This Calendar Item No. C08 was approved as Minute Item No. 08 by the California State Lands Commission by a vote of 3 to 0 at its 12-09-03 meeting.

**CALENDAR ITEM
C08**

A	10		12/09/03
S	1	PRC 8497.9	W 25897 L. Burks

GENERAL LEASE – PUBLIC AGENCY USE

APPLICANT:

Sacramento Municipal Utility District

AREA, LAND TYPE, AND LOCATION:

0.41 acres, more or less, of submerged lands in the Cosumnes River, near Rancho Seco, Sacramento County.

AUTHORIZED USE:

Installation of a horizontal directionally drilled 24-inch diameter natural gas pipeline and a 4-inch diameter fiber optic conduit under the Cosumnes River from a connection to the District's pipeline network tap point at the Carson Ice-Gen Project, near Elk Grove, to the new proposed Cosumnes Power Plant (CPP) site.

LEASE TERM:

25 years, beginning December 9, 2003.

CONSIDERATION:

The public use and benefit; with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

OTHER PERTINENT INFORMATION:

1. Applicant is working with adjacent landowner to acquire the required right of way or acquire such right of way through alternate means. The right of way will be obtained by Lessee prior to construction of the project.
2. The Sacramento Municipal Utility District (SMUD) is proposing to develop a 1,000-megawatt natural gas-fired generating facility south of the Rancho Seco Plant in Sacramento County, 25 miles southeast of the city of Sacramento. The proposed project will be located on a 30-acre parcel that is part of 2,480 acres owned by SMUD. The natural gas needed for the gas-fired combustion turbines will be obtained from PG&E's

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transmission backbone pipelines 400 and 401 located in Winters, California, and transported through SMUD's existing 50-mile pipeline network. The facility, known as Cosumnes Power Plant (CPP) will be a highly efficient, combined-cycle facility that will be used to provide much needed electrical services locally, as well as serve and support electrical systems outside of the immediate SMUD service area. The CPP will be located in an ideal location to facilitate its interconnection with the statewide electrical grid system. This will allow the CPP to provide voltage support to the grid, as well as the ability to transfer electrical power into the grid for use by non-SMUD customers. The ability to provide voltage support is a critical statewide issue. The support provided by the CPP is necessary to ensure and maintain the proper flow of power in the statewide grid system, as it will allow for the provision of electricity in the event of a transmission line or generation plant outage elsewhere in the State.

3. SMUD proposes to install a 24-inch diameter pipeline (800 psig) and a 4-inch diameter fiber optic conduit under the Cosumnes River, near Rancho Seco, Sacramento County, from a connection to SMUD's pipeline network tap point at the Carson Ice-Gen Project, near Elk Grove, to the new proposed CPP site. The total project length is 26 miles. The pipeline across the Cosumnes River will be installed by horizontal directional drilling (HDD) method. The total length of the pipeline installed by the HDD method is about 2,107 feet, of which only about 515 feet will be underneath the Cosumnes River. The pipeline will be installed at a minimum depth of 70 feet below the Cosumnes River. There will be a minimum five-foot horizontal separation between the pipeline and the conduit, with the conduit being located above the pipeline. The fiber optic conduit system will provide operational control of valves and other monitoring equipment along the pipeline route.
4. On September 13, 2001, SMUD submitted an Application for Certification (CEC Docket No. 01-AFC-19), with the California Energy Commission (CEC). The CEC prepared a Final Staff Assessment (FSA), which is the functional equivalent of an Environmental Impact Report (EIR) of the proposed project for review and circulation. On September 11, 2003, the CEC approved the Final Proposed Decision.
5. The proposed pipeline will be designed and constructed in accordance with all national and state safety codes including 49 CFR Part 192-United

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States Department of Transportation (DOT) Minimum Safety Standards for Natural Gas Pipelines. An operations and maintenance plan will be prepared addressing both normal procedures and conditions, and any upset or abnormal conditions that could occur. CSLC staff will be on site for the monitoring of the HDD across the Cosumnes River. Long Beach engineering staff has reviewed the pipeline specifications and indicates that the design meets standard engineering practice.

6. The Contractor will prepare a "Frac-out" Plan in accordance with SMUD's Contingency Plan Guidelines for Horizontal Directional Drilling. To reduce the potential impacts of a frac-out, construction of the pipeline is expected to occur when there is least (or no) flow in the Cosumnes River. In addition, the entrance and exit points for drilling will be located at least 150 feet from riparian vegetation. To minimize impacts from a frac-out, a full-time biological monitor will attend the HDD.
7. A Section 401 Water Quality Certification has been issued by the Regional Water Quality Control Board for this project.
8. An EIR was prepared and certified for this project by the California Energy Commission. The California State Lands Commission staff has reviewed such document and Mitigation Monitoring Program adopted by the lead agency.
9. Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are contained on file in the Sacramento Office of the California State Lands Commission.

APPROVALS OBTAINED:

California Department of Fish and Game; United States Army Corps of Engineers; United States Fish and Wildlife Service; Regional Water Quality Control Board; The State Reclamation Board; Caltrans, District 3.

EXHIBIT:

- A. Site Plan and Location Map

PERMIT STREAMLINING ACT DEADLINE:

May 3, 2004

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RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

1. FIND THAT AN EIR WAS PREPARED AND CERTIFIED FOR THIS PROJECT BY THE CALIFORNIA ENERGY COMMISSION AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTIONS 15091 AND 15096(h), AS CONTAINED ON FILE IN THE SACRAMENTO OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.
3. ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED ON FILE IN THE SACRAMENTO OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.

SIGNIFICANT LANDS INVENTORY FINDING:

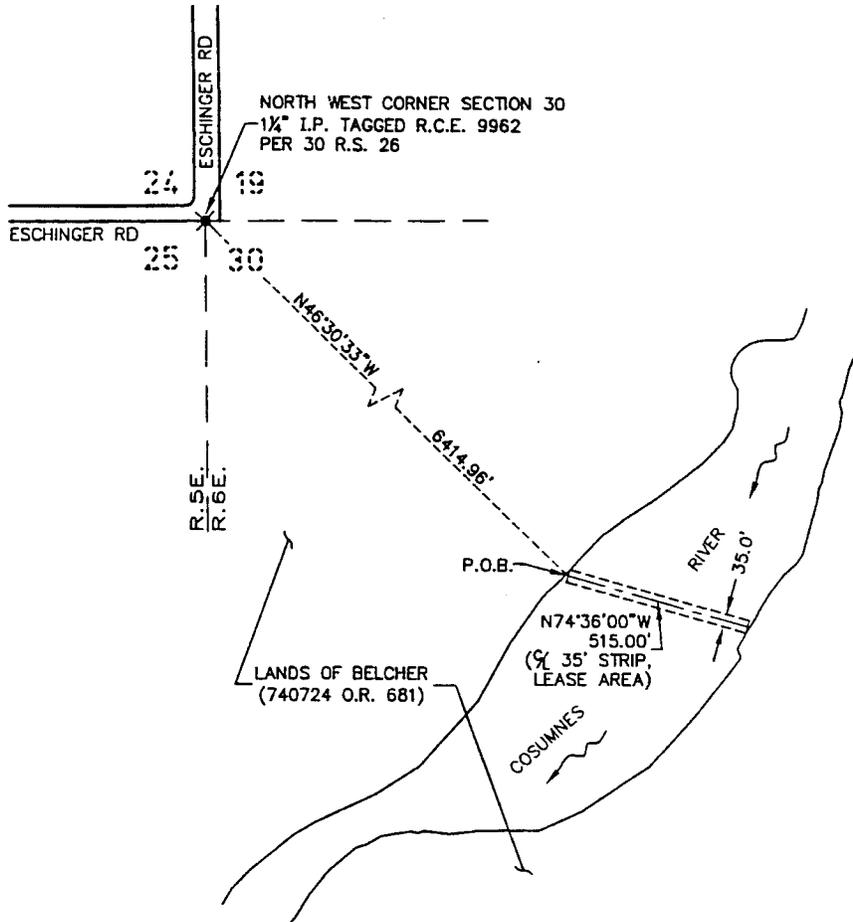
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO SACRAMENTO MUNICIPAL UTILITY DISTRICT OF A GENERAL LEASE - PUBLIC AGENCY USE, BEGINNING DECEMBER 9, 2003, FOR A TERM OF TWENTY-FIVE YEARS, FOR INSTALLATION OF A HORIZONTAL DIRECTIONALLY DRILLED 24-INCH DIAMETER NATURAL GAS PIPELINE AND 4-INCH DIAMETER FIBER OPTIC CONDUIT ON THE LAND SHOWN ON EXHIBIT A, ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; CONSIDERATION BEING THE PUBLIC USE AND BENEFIT, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE.

NO SCALE

SITE MAP



Cosumnes River near Rancho Seco, Sacramento County, CA.

LOCATION MAP

NO SCALE

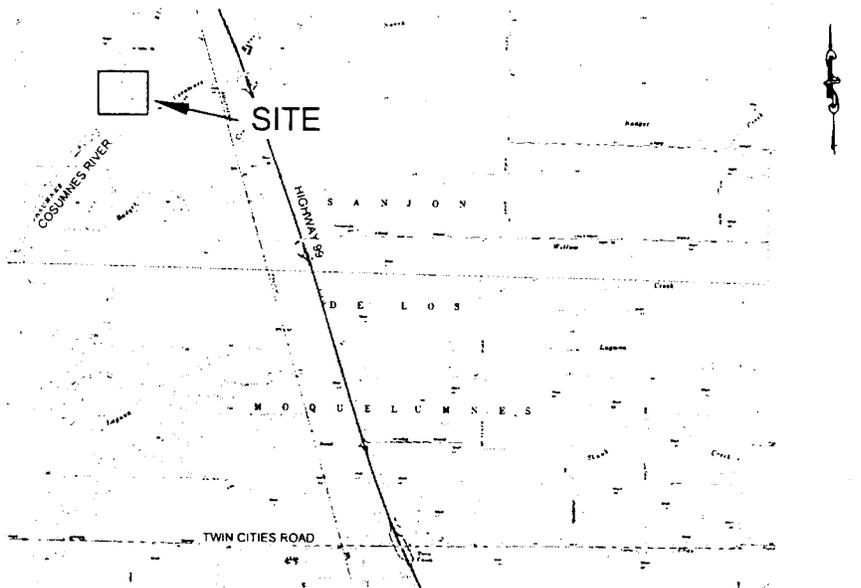


Exhibit A
 W25897
 134-0260-012
 Cosumnes River
 Sacramento County



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.

Source Map: USGS Quad

RAB 05-03