

**CALENDAR ITEM
C43**

A 76,79
S 39,40

10/29/10
WP 5392.1
J. Smith

**TERMINATION OF GENERAL LEASE - RIGHT OF WAY USE
AND ISSUANCE OF A GENERAL LEASE - RIGHT OF WAY USE**

LESSEE:

San Diego Gas & Electric Company
8335 Century Park Court, Suite 100
CP11D
San Diego, California 92123-1569

APPLICANT:

San Diego Gas & Electric Company
8335 Century Park Court, Suite 100
CP11D
San Diego, California 92123-1569

AREA, LAND TYPE, AND LOCATION:

Sovereign land in San Diego Bay, between the cities of San Diego and Coronado, San Diego County.

AUTHORIZED USE:

Operation and maintenance of two existing natural gas pipelines (one 6-inch diameter and one 8-inch diameter), two 69 Kilovolt (kV) electrical transmission lines, one 12kV distribution line; the installation and maintenance of one new 69kV electrical transmission line within existing conduits; the removal of one 69kV electrical transmission line within an oil filled pipeline; and the installation and maintenance of a new telecommunications line within that same existing oil filled electrical transmission pipeline, once the oil has been removed.

LEASE TERM:

30 years, beginning October 29, 2010.

CONSIDERATION:

Annual rent in the amount of \$76,050, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

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SPECIFIC LEASE PROVISIONS:

General liability insurance in an amount no less than \$10,000,000.

Applicant may satisfy all or part of the insurance requirements through maintenance of a staff approved self-insurance program as outlined in the Lease.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. On September 29, 1977, the Commission authorized the first lease (Lease PRC 5392.1) to San Diego Gas & Electric Company (SDG&E) for placement and maintenance of a six-inch natural gas line under San Diego Bay between the cities of San Diego and Coronado in San Diego County. On January 21, 1988, the Commission authorized a second lease to SDG&E (Lease PRC 4799.1) for additional gas lines and electrical transmission lines.
3. On May 12, 1997, the Commission authorized the termination of Lease PRC 4799.1 and the amendment of Lease PRC 5392.1 to consolidate the facilities into one lease.
4. On June 2, 2003, the Commission authorized the amendment of Lease PRC 5392.1 to accommodate SDG&E's relocation of one of its electrical transmission lines (TL 655). The Commission's authorization included the installation of an extra set of conduits for future use.
5. SDG&E has submitted an application to install a new 69kV cable within the existing spare conduits. In addition SDG&E is proposing to remove a 69kV cable from an existing oil filled pipeline (TL 650). Upon removal of the cable, the high-viscosity mineral oil will be removed and flushed from the pipeline. The TL 650 pipeline will first be pumped out using the pumping facilities located within the SDG&E-owned substations on dry land away from the San Diego Bay area. Upon completion of the initial pumping, the pipeline will then be flushed out with a solvent (Aqua Sol or Simple Green) to disperse and flush out the remaining oil. The pipeline will then be cleaned and swabbed with clean dry rags. This swabbing process will be repeated until a visual inspection of the rags pulled through the pipe shows no signs of residual oil. SDG&E anticipates the pipeline to be dry and free of any residual solvents and/or oil after completion of the removal process.
6. The pipeline will be pumped out at one half of the current operating pressure. Thus, the pipeline will not see any additional stresses from this

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operation. Furthermore, SDG&E will install containment bins around the dry land pumping facilities to contain any potential spills that do happen within the substations. The oil will be pumped into tanker trucks and taken to approved SDG&E disposal sites. Upon removal of the cable and flushing of the pipeline, a new telecommunications line will be installed.

7. The Commission's engineering staff reviewed the application and is satisfied with SDG&E's proposed project.
8. The current lease expires on September 30, 2024. Rather than amend the existing lease again to allow for these activities, Commission and SDG&E staffs agree it is best to terminate the existing right of way lease and authorize a new right of way lease to more accurately reflect the existing and proposed facilities.
9. The lease includes an existing 6-inch and 8-inch natural gas pipeline. SDG&E performs all inspections and maintenance required by the California Public Utilities Commission (General Order 112E) and the Federal Department of Transportation (49 CFR 192). Commission staff receives copies of SDG&E's annual reports. SDG&E expects to have the 2010 inspection completed within the next two months.
10. **Termination of Lease:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], staff has determined this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.
11. **New Lease:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of 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.

12. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and

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through the CEQA review process, it is staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

San Diego Unified Port District

EXHIBITS:

- A. Location and Site Map
- B. Land Description

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

TERMINATION OF LEASE:

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060 (c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

NEW LEASE: Find that the activity is exempt from the requirements of 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 termination, effective October 28, 2010, of Lease No. PRC 5392.1 a General Lease – Right of Way Use, issued to San Diego Gas & Electric Company.

Authorize issuance of a General Lease – Right of Way Use to San Diego Gas & Electric Company beginning October 29, 2010, for a term of 30 years, for operation and maintenance of two existing natural gas lines (one 6-inch diameter and 8-inch diameter), two 69 kV electrical transmission lines, one 12kV distribution line; the installation and maintenance of one new 69 kV electrical transmission line within existing conduits; the removal of one 69kV electrical transmission line within an existing oil filled pipeline; and the installation and maintenance of a new

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telecommunications line within that same existing oil filled pipeline, once the oil has been removed; as shown on Exhibit A attached (for reference purposes only) and described on Exhibit B attached and by this reference made a part hereof; annual rent in the amount of \$76,050, with the State reserving the right to fix a different rent periodically during the lease term as provided in the lease; and liability insurance with coverage of no less than \$10,000,000; Applicant may satisfy all or part of the insurance requirements through maintenance of a self-insurance program as outlined in the lease.