

**CALENDAR ITEM  
C49**

A	1	10/29/10
S	2	WP 8154.1 S.Young

**GENERAL LEASE – NON EXCLUSIVE RIGHT OF WAY USE**

**APPLICANT:**

AT&T Corp.  
One AT&T Way, Room 3D 151 F  
Bedminister, N.Y. 07921

**AREA, LAND TYPE, AND LOCATION:**

Sovereign lands located in the Pacific Ocean, offshore of the city of Morro Bay, San Luis Obispo County.

**AUTHORIZED USE:**

Continued use and maintenance of one 3.75 inch diameter steel conduit and one 1.25 inch diameter fiber optic cable.

**LEASE TERM:**

15 years, beginning April 20, 2010.

**CONSIDERATION:**

\$118,814 per year 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:

No less than \$1,000,000 combined single limit coverage.

Bond:

\$ 500,000.

**OTHER PERTINENT INFORMATION:**

1. Applicant owns and has the right to use the uplands adjoining the lease premises.
2. On April 2, 2000, the Commission authorized the issuance of a General Lease – Non Exclusive Right of Way Use, Lease No. PRC 8154.1, to AT&T Corp. for the installation, use and maintenance of an existing 3.75-

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inch diameter steel conduit and the installation of two 1.25-inch diameter fiber optic cables as part of the China-U.S. Cable Network project. The existing conduit identified as Conduit #3 was previously covered under Lease No. PRC 7603 and was subsequently authorized under PRC 8154.1. The two new cables were proposed segments E1 and S7 of the China-U.S. Cable Network project.

Due to unanticipated engineering problems, AT&T abandoned its plans to install the China US E1 cable into the conduit covered by PRC 8154.1, Accordingly, the Lease was amended on September 17, 2001 to provide for a reduction in the surety bond requirement from the amount of \$1,000,000 to \$500,000. The annual rent was also reduced to accommodate the change in the use area. On February 9, 2006, the Commission approved the assignment of Lease No. PRC 8154.1 and 17 other leases also held by AT&T Corp., formerly known as American Telephone and Telegraph Company and AT&T Communications of California, Inc. to AT&T Corp., A Wholly-owned Subsidiary of SBC Communications, Inc.

3. Lease No. PRC 8154.1 expired on April 19, 2010. The original lease contained a provision for a right to renew the lease for one additional period of 15 years, subject to such reasonable terms and conditions as the State may impose. AT&T is now applying for a new lease for the additional 15 year term.
4. In 2007, AT&T applied for a Lease Amendment in order to amend the cable burial verification survey schedule required under Lease Nos. PRC 8154.1, PRC 8203.1, PRC 8204.1 and PRC 8278.1 to extend the interval required between periodic burial inspections from the original 18-24 month interval to a five-year interval. Similar permit conditions exist with the California Coastal Commission (CCC) Coastal Development Permits (CDPs), for which AT&T sought similar extensions.

In 2003 and 2005, AT&T conducted cable burial surveys which indicated the cable burial status had not appreciably changed between the 2003 and 2005 surveys or since the cables were installed in 2001. The survey reports indicated that there was no evidence of cable interaction with fishing gear or with marine mammals.

On October 30, 2007, the Commission approved the Lease Amendment to extend the cable burial inspection survey from the 18-24 month interval to a five-year interval for the four leases. The next cable verification survey

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is required to be completed and reports submitted simultaneously to the Commission and the CCC by the end of 2010.

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 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.

6. 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. Location and Site 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 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 General Lease – Non Exclusive Right of Way Use, Lease No. PRC 8154.1, to AT&T Corp. beginning , April 20, 2010,

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for a term of 15 years, for the continued use and maintenance of one steel conduit and one fiber optic cable as shown on Exhibit A attached (for reference purposes only) and by this reference made a part hereof;  
Consideration \$118,814 per year with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease;  
Liability insurance for combined single limit coverage of not less than \$1,000,000; surety bond in the amount of \$500,000.