CALENDAR ITEM

C45

A 73 04/06/11
WP 8097.1
S 38 D. Simpkin

AMENDMENT OF LEASE

APPLICANT:

Southern California Edison Company
2244 Walnut Grove Avenue
P.O. Box 800
Rosemead, California 91770

AREA, LAND TYPE, AND LOCATION:

862 acres, more or less, of sovereign land in the Pacific Ocean, near San Clemente, Orange County.

AUTHORIZED USE:

Continued maintenance of an artificial kelp reef.

LEASE TERM:

37 years, beginning August 1, 1999.

CONSIDERATION:

Expected Annual Rent as follows: Year 1 - $20,400; Years 2-6 - $20,160; Year 7 - $135,585; Years 8-10 - $135,000. The annual rent is $900 per acre and is calculated based upon the amount of acreage used during construction of Phase I and Phase II, including temporary use area used during construction. Lessee will perform surveys after construction of Phase I and Phase II to determine the actual acreage covered by the Lease. Lessee will also inform Lessor of the amount of acreage used during construction. Following year 10, the State reserves the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED AMENDMENT:

Amend the Lease to:

1. Increase the authorized size of the Wheeler North Reef from 150 acres to approximately 174.4 acres within the lease parcel.
2. Revise the annual rent from $135,000 per year to $156,960 per year, effective August 1, 2011.

OTHER PERTINENT INFORMATION:

1. On June 14, 1999, the Commission authorized the issuance of a General Lease – Non–Income Producing, PRC 8097.1, to Southern California Edison (Lessee) for the construction and maintenance of an artificial kelp reef (Wheeler North Reef) comprising 150 acres, within the 862-acre lease parcel. On November 21, 2006, the Commission authorized an amendment to the lease, for the construction of Phase II of the reef.

2. The construction of the reef was required by the California Coastal Commission, pursuant to Coastal Development Permit (CDP) 6-81-330, as mitigation for the operation of the San Onofre Nuclear Generating Station (SONGS) Units 2 and 3. The CDP required a minimum of 150 acres of artificial reef mitigation.

3. The reef was constructed in two phases. Phase I was completed on September 29, 1999 and involved the construction of approximately 22.4 acres of experimental artificial reef. Phase II was completed on September 11, 2008 and involved the construction of approximately 152 acres of artificial reef.

4. The as-built size (Phase I and II combined) of the reef is approximately 174.4 acres. The size was determined through a time series of multi-beam and side-scan sonar surveys performed in November 2008 and August 2009. In addition, marine biologists from the University of California, Santa Barbara completed dive surveys in 2010 at the project site, and have concluded that the reef is stable in size, and is neither scouring nor subsiding.

5. The Lessee has now applied to amend the lease to increase the authorized size of the Wheeler North Reef from 150 acres to 174.4 acres within the 862-acre lease parcel.

6. Although the new annual rent amount is effective as of August 1, 2011, the Lessee has agreed to pay back-rent in the amount of $42,090 based on the as-built size of the reef, as determined in August 2009.

7. **Artificial Kelp Reef:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff has prepared an Environmental Impact Report (EIR) identified as CSLC EIR No. 685, State Clearinghouse No. 1998031027. Such EIR was prepared and circulated for public review pursuant to the provisions of CEQA. A Mitigation Monitoring Program was prepared in conformance with the provisions of

CEQA (Public Resources Code section 21081.6). Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096 (h)) are contained on file in the Sacramento office of the California State Lands Commission.

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

EXHIBITS:

A. Location and Site Map
B. Land Description

RECOMMENDED ACTION:
It is recommended that the Commission:

CEQA FINDING:

ARTIFICIAL KELP REEF: Certify that an EIR No. 685, State Clearinghouse No. 1998031027, was prepared for this project pursuant to the provisions of CEQA, that the Commission has reviewed and considered the information contained therein and that the EIR reflects the Commission's independent judgment and analysis.

Adopt the Mitigation Monitoring Program, as contained on file in the Sacramento office of the California State Lands Commission.

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.

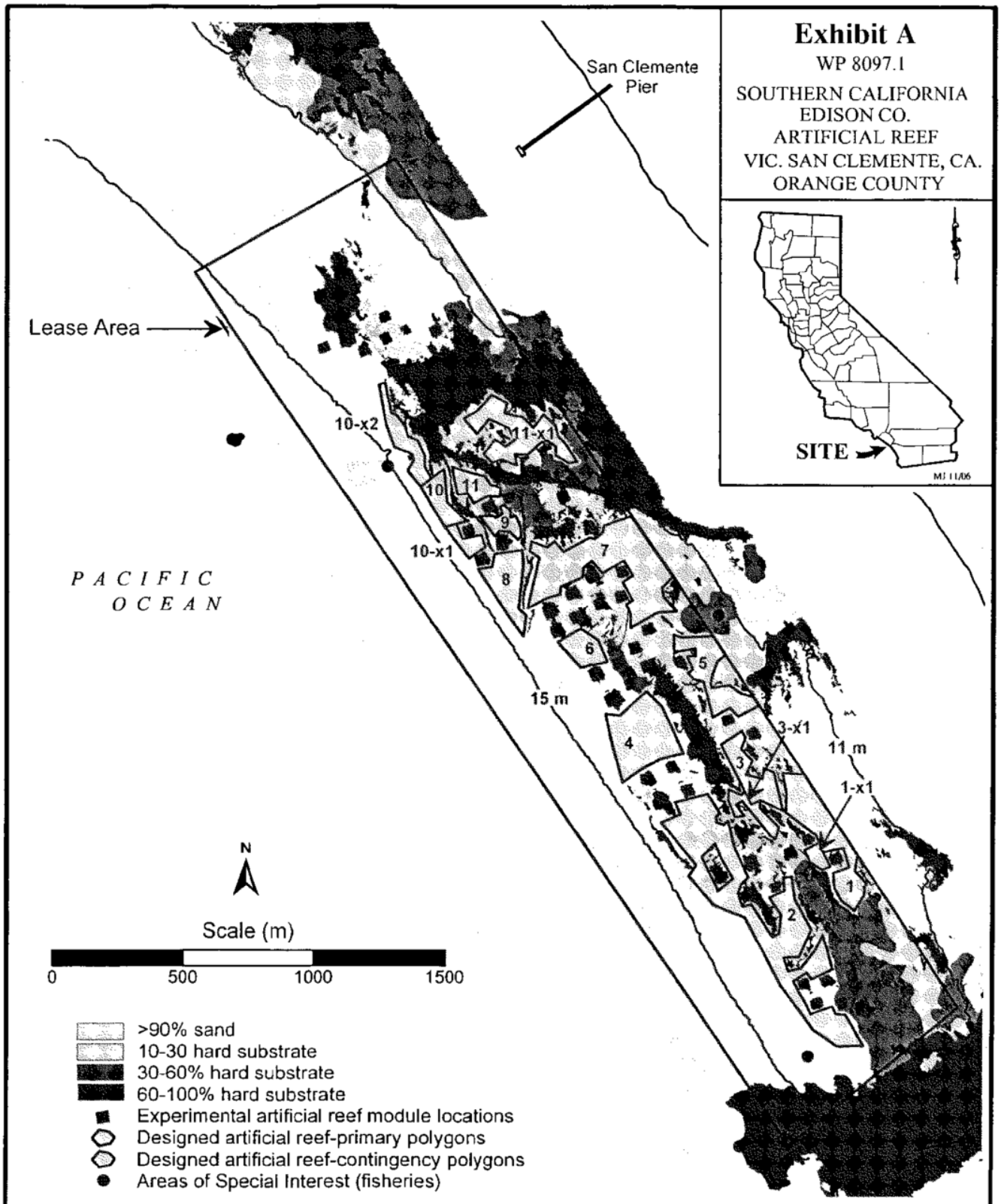
Determine that the Project, as approved, will not have a significant effect on the environment.

SIGNIFICANT LANDS INVENTORY FINDING:

ARTIFICIAL KELP REEF: 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 the Amendment of Lease No. PRC 8097.1, a General Lease - Non-Income Producing Lease, effective April 6, 2011 to increase the authorized size of the Wheeler North Reef from 150 acres to approximately 174.4 acres within the 862-acre lease parcel; and revise the annual rent from $135,000 per year to $156,960 per year, effective August 1, 2011; accept back rent in the amount of $42,090 for the period of September 1, 2009 to July 31, 2011 based on the as-built size of the reef as determined in August 2009; all other terms of the lease will remain in effect without amendment.



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.

EXHIBIT B

PRC 8097.1
May 13, 1999

LEGAL DESCRIPTION

A parcel of submerged land in the Pacific Ocean in the vicinity of the city of San Clemente, and San Mateo Point, Orange County, California, more particularly described as follows:

A four (4) sided parcel of submerged land in the Pacific Ocean having the following North American Datum 1983 geographic coordinates:

1. Latitude 33° 25' 01.7" North, Longitude 117° 37' 45.0" West
2. Latitude 33° 23' 15.2" North, Longitude 117° 36' 20.0" West
3. Latitude 33° 22' 57.6" North, Longitude 117° 36' 45.2" West
4. Latitude 33° 24' 47.3" North, Longitude 117° 38' 14.9" West,

containing 862 acres, more or less.

END OF DESCRIPTION