

**CALENDAR ITEM
C58**

A 35
S 17

06/28/16
PRC 8278.1
R. Collins

REVISION OF RENT

LESSEE:

AT&T Corp.
1 AT&T Way, Room 3D 151F
Bedminster, NJ 07921

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, offshore of Montaña de Oro State Park, San Luis Obispo County.

AUTHORIZED USE:

Continued use and maintenance of one six-inch diameter steel conduit and one fiber optic cable identified as a portion of the China-US E1 Fiber Optic Cable.

LEASE TERM:

15 years, beginning April 20, 2011.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$150,843 per year to \$166,060 per year, effective April 20, 2016.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjacent to the Lease Premises.
2. On April 6, 2011, the Commission authorized a General Lease Non-Exclusive Right-of-Way Use to AT&T Corp. for a term of 15 years, for the continued use and maintenance of one six-inch diameter steel conduit and one fiber optic cable identified as a portion of the China-US E1 Fiber Optic Cable. The lease will expire April 19, 2026.
3. The lease includes a condition requiring cable burial inspection surveys to be performed every five years. The most recent burial inspection surveys

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were conducted in the fall of 2015, and staff is in the process of reviewing the results. The lease does not include oil or gas pipelines that might release petroleum products into the environment; however, surveys are required to verify that the cables remain buried and are not a threat to commercial and recreational fishing. The 2010 survey of this line did not show any exposed cables.

4. On November 12, 2015, the Lessee delivered the required 2-year advance notification to Commission staff of its intent to terminate the lease on November 9, 2017, and an application to terminate the lease has been received. Staff will be reviewing alternatives for the removal and restoration of the lease premises. Staff will return to the Commission at a later date with a recommendation for the final disposition of the cable along with a full analysis under the California Environmental Quality Act (CEQA).
5. This proposed action is consistent with Strategy 2.1 of the Commission's Strategic Plan, to optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.
6. Approving the revision of rent is not a project as defined by CEQA because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8278.1 from \$150,843 per year to \$166,060 per year, effective April 20, 2016.

