

**MINUTE ITEM**

This Calendar Item No. C56 was approved as  
Minute Item No. 56 by the California State Lands  
Commission by a vote of 3 to 0 at its  
05/10/07 meeting.

**CALENDAR ITEM**

**C56**

A 6,7,8,11,13,14

05/10/07

S 2,3,5,7

PRC 8736.1

N. Smith

**ASSIGNMENT OF LEASE**

**LESSEE/ASSIGNOR:**

Trans Bay Cable LLC  
Two Harrison Street, 6<sup>th</sup> Floor  
San Francisco, California 94105

**ASSIGNEE:**

Pittsburg Power Company, a Joint Powers Authority  
65 Civic Avenue  
Pittsburg, California 94565

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

53.65 acres, more or less, of sovereign lands in the Carquinez Strait, San Francisco, San Pablo, and Suisun Bays, between San Francisco county line to the city of Pittsburg, Marin, Solano and Contra Costa counties.

**AUTHORIZED USE:**

Construction, operation, maintenance and use of a submarine cable bundle (ten inches in diameter) consisting of approximately 40.25 miles of high voltage direct current cable; the transmission cable will be approximately five inches in diameter and the return cable approximately four inches in diameter, along with a fiber optic communication cable.

**LEASE TERM:**

25 years, beginning December 15, 2006.

**CONSIDERATION:**

\$389,000 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the Lease.

**OTHER PERTINENT INFORMATION:**

1. Assignee will have the right to use the uplands adjoining the lease premises.

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2. When the request for approval of the lease was brought before the Commission at its meeting on December 14, 2006, the staff report indicated the future assignment of the lease to Pittsburg Power Company (PPC) would take place. PPC is a joint power authority consisting of the city of Pittsburg and the Pittsburg Redevelopment Agency. Pursuant to a Purchase and Sale Agreement (Agreement) between Trans Bay Cable (TBC) and PPC, entered into on November 6, 2006, PPC will acquire ownership of the project assets of the TBC upon the Closing Date as defined in the Agreement, which will be the Effective Date of this assignment. Pursuant to a Project Administration Agreement between TBC and PPC, also entered into on November 6, 2006, PPC will own, operate, manage, and maintain the project assets from and after the Effective Date, subject to the operational control of the California Independent System Operator. The assignment is necessary for closing of the financing for the project.
3. The Project is in an advanced stage of development and is on track for financial close in June 2007, with Commercial Operations Date in March 2010. TBC has received most of the permits and approvals required for financing the Project and has obtained most of the land rights required (with the exception of the San Francisco Port License, which has been approved by the Port of San Francisco but awaits approval by the San Francisco Board of Supervisors, short easements with one counterparty that are expected to be in place by May or early June, and two early termination agreements relating to tenants in San Francisco that are progressing). There have been no appeals of the issuance of the Project's Environmental Impact Report.
4. The December 14, 2006, staff report inadvertently omitted that the rent for the pre-construction period of the Lease was to be set at \$100,000 per year, then upon the start of construction within the Lease Premises rent would be \$389,000 per year, pro-rated for the year in which construction commences. Staff is requesting that the Commission approve the annual rent as is described and as outlined in the executed lease.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of

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the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

**EXHIBIT:**

- A. Location Map

**RECOMMENDED ACTION:**

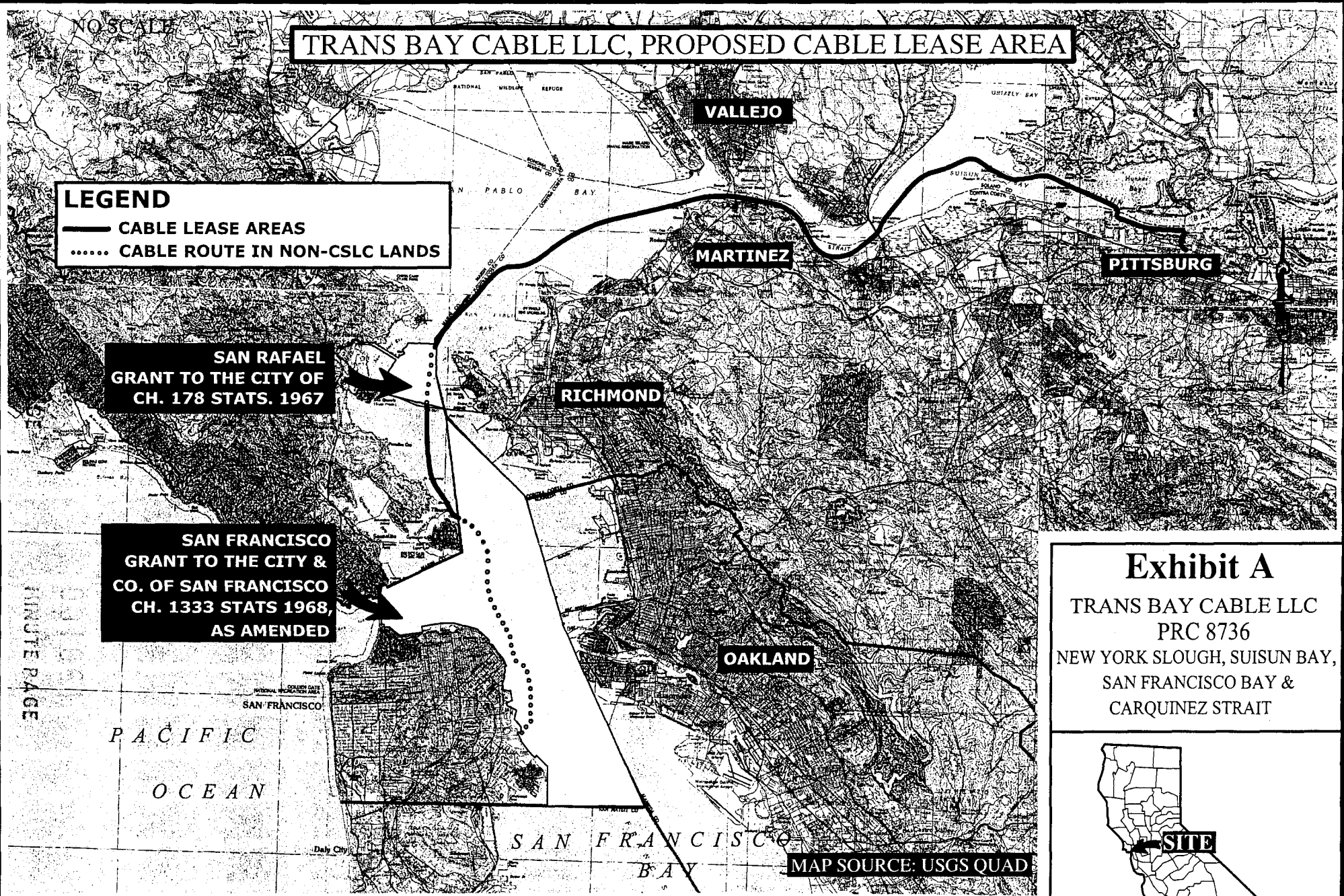
IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE 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.

**AUTHORIZATION:**

1. AUTHORIZE APPROVAL OF SETTING THE ANNUAL RENT TO \$100,000 DURING THE PRE-CONSTRUCTION PERIOD OF THE LEASE TERM, FROM THE COMMENCEMENT DATE OF THE LEASE THROUGH THE DATE ON WHICH CONSTRUCTION ACTIVITIES BEGIN WITHIN THE LEASE PREMISES, WITH THE RENT BEING PRO-RATED FOR THE YEAR IN WHICH CONSTRUCTION COMMENCES.
  
2. AUTHORIZE THE ASSIGNMENT OF LEASE NO. PRC 8736.1, A GENERAL LEASE - RIGHT OF WAY USE, OF SOVEREIGN LANDS SHOWN ON EXHIBIT A, ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, FROM TRANS BAY CABLE LLC TO PITTSBURG POWER COMPANY, A JOINT POWERS AUTHORITY; EFFECTIVE ON THE CLOSING DATE, AS DEFINED IN THE PURCHASE AND SALE AGREEMENT.



**TRANS BAY CABLE LLC, PROPOSED CABLE LEASE AREA**

**LEGEND**  
 — CABLE LEASE AREAS  
 ..... CABLE ROUTE IN NON-CSLC LANDS

**SAN RAFAEL  
 GRANT TO THE CITY OF  
 CH. 178 STATS. 1967**

**SAN FRANCISCO  
 GRANT TO THE CITY &  
 CO. OF SAN FRANCISCO  
 CH. 1333 STATS 1968,  
 AS AMENDED**

**MAP SOURCE: USGS QUAD**

**Exhibit A**  
 TRANS BAY CABLE LLC  
 PRC 8736  
 NEW YORK SLOUGH, SUISUN BAY,  
 SAN FRANCISCO BAY &  
 CARQUINEZ STRAIT



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.