

**CALENDAR ITEM
C64**

A 4
S 1

06/23/11
WP 944.1
N. Lee

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

Sierra Pacific Power Company
P.O. Box 10100
Reno, NV 89520

ASSIGNEE:

California Pacific Electric Company, LLC
933 Eloise Avenue
South Lake Tahoe, CA 96150

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Lake Tahoe, adjacent to Assessor's Parcel Numbers
018-041-04 and 018-060-05, Emerald Bay, El Dorado County.

AUTHORIZED USE:

Continued use and maintenance of an existing submarine electrical power cable
and an inoperable submarine electrical power cable abandoned in place as
shown on the attached Exhibit A.

LEASE TERM:

20 years, beginning December 1, 2002.

CONSIDERATION:

\$1,038 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 has the right to use the uplands adjoining the lease premises.
2. On June 18, 2002, the Commission authorized a 20-year General Lease –
Right-of-Way Use with Sierra Pacific Power Company (Sierra Pacific) for
the continued use and maintenance of an existing submerged electric that
was originally placed on the bed of Emerald Bay in 1929. This submarine

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cable runs in a northwest-southeast direction near the mouth of Emerald Bay and connects to two overhead electric distribution line sections that provide electrical service to public services, businesses and residences on the west shore of Lake Tahoe.

2. Due to the unreliability of the aged power cable and the need to upgrade this section of the distribution system with current technology to meet the rating of the adjacent overhead sections of the system, the Lessee, in 2006, applied to the Commission for an amendment to its lease to allow the installation of a new a 4.5-inch diameter submarine power cable on the bed of Emerald Bay and for the abandonment in place of the existing power cable. The Commission authorized the amendment on August 24, 2006.
3. The existing submarine cable was abandoned in place because it was entangled with a portion of an existing operable AT&T telephone cable and because of environmental concerns regarding the creation of turbidity by the removal of the heavy cable. The cable was cut and removed at both ends to a depth of 25 feet or where it was no longer visible. The ends were then covered with rock placed in pyramid-shaped piles approximately two feet square over the ends of the cable. The Lessee conducted underwater inspections of each end of the cables to a depth of 30 feet to insure that the rock cairn maintained its integrity and that the rock had not migrated. Further inspections of the entire submarine cable will take place if it is warranted based on the cable's electrical performance.
4. On January 1, 2011, Sierra Pacific sold its California electric distribution system to California Pacific Electric Company, LLC (CalPeco). CalPeco is now applying for an assignment of the 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 CEQA because it is not a "project" as defined by 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. Site and Location Map

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RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

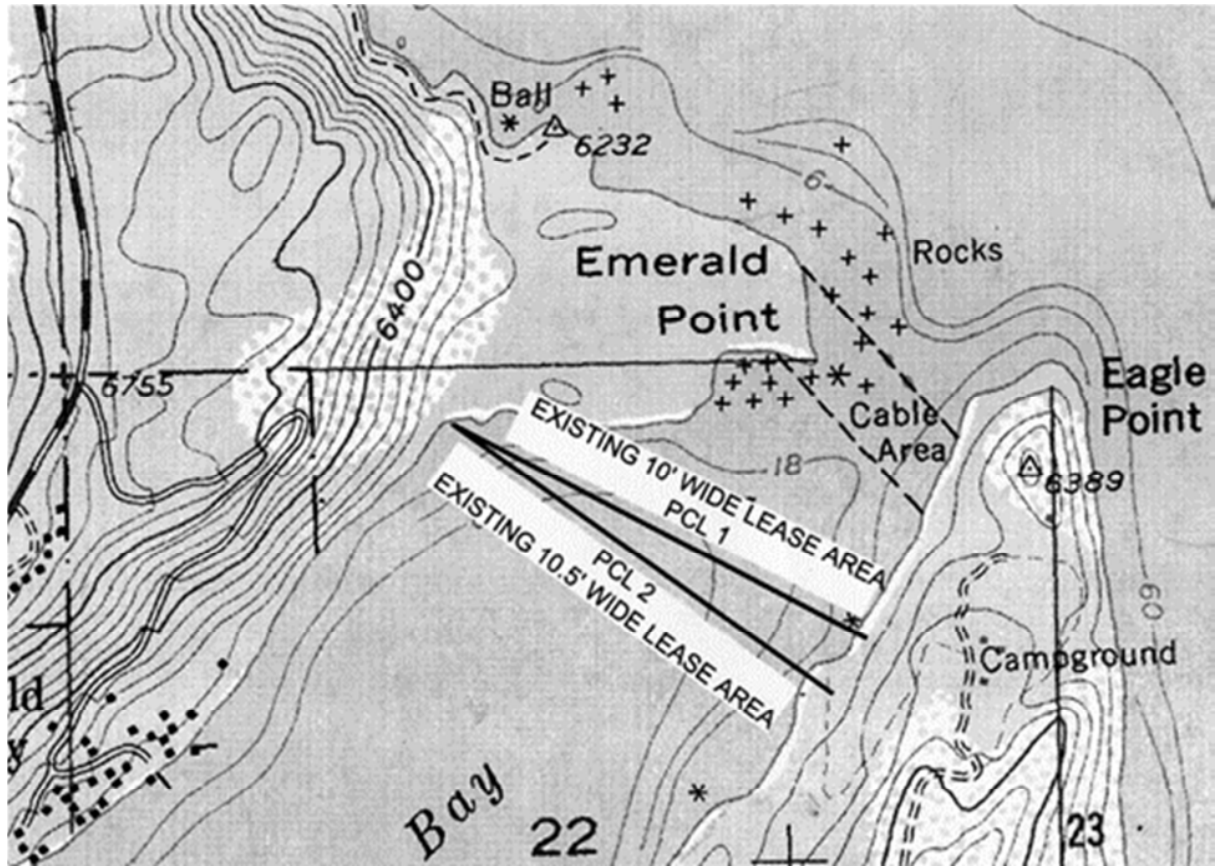
Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

Authorize the assignment of Lease No. PRC 944.1, a General Lease – Right-of-Way use, of sovereign land in Lake Tahoe as shown on Exhibit A attached and by this reference made a part hereof, from Sierra Pacific Power Company to California Pacific Electric Company, LLC; effective January 1, 2011.

NO SCALE

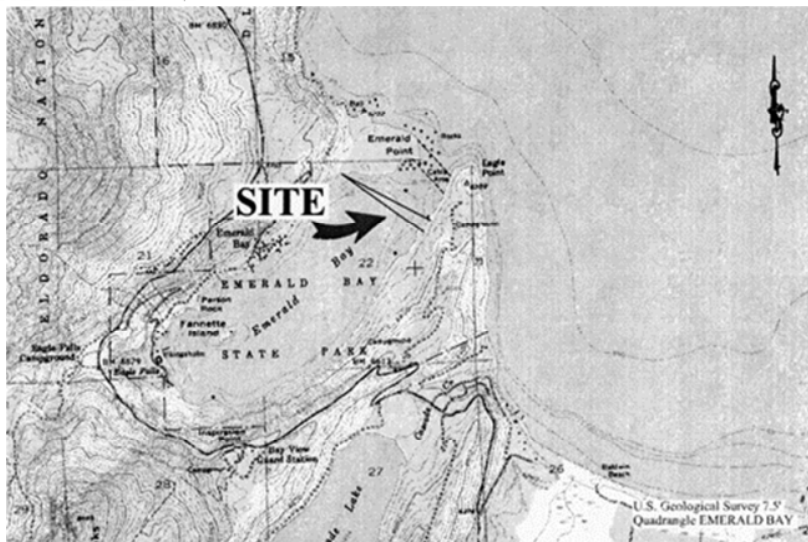
SITE



CALIFORNIA PACIFIC ELECTRIC CO., LLC,
SUBMARINE CABLE CROSSING, EMERALD BAY

NO SCALE

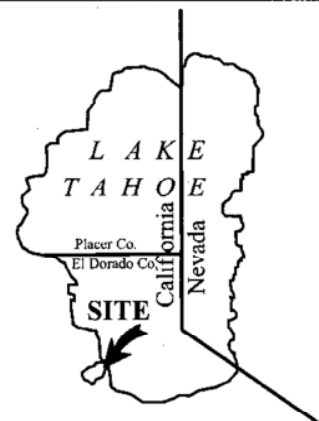
LOCATION



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by 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 A

PRC 944.1
APN 018-041-04
& APN 018-060-05
GENERAL LEASE
RIGHT OF WAY USE
EL DORADO COUNTY



MJJ 12/10