

**State of California
Energy Resources Conservation
and Development Commission**

DOCKET	
00-AFC-12	
DATE	MAY 13 2005
RECD.	MAY 13 2005

In the Matter of:)
)
 Application for Certification of)
 Duke Energy's Morro Bay Power)
 Plant Project)
)
 _____)

Docket: 00-AFC-12

**Staff's Comments on
 Duke Petition for Order
 Re Tank Farm Demolition**

 May 13, 2005

INTRODUCTION

On April 15, 2005, Duke Energy Morro Bay, L.L.C. (applicant) filed a petition with the Energy Commission requesting an order allowing demolition of the on-site fuel oil tank farm at the Morro Bay Power Plant. As the applicant points out in its petition, demolition of the tank farm was included in the Energy Commission's final decision on the applicant's proposed Morro Bay Power Plant Project. However, because that decision is not final until docketed, and docketing will not occur until the Central Coast Regional Water Quality Control Board issues a National Pollution Discharge Elimination System permit for the project, the applicant's authority to proceed with tank farm demolition at this time is questionable. The applicant therefore requested that the Energy Commission issue and docket a separate order allowing tank farm demolition.

On April 26, 2005, the Morro Bay AFC Committee issued a **Notice Of Availability Of The Presiding Member's Proposed Amended Order Authorizing Demolition Of The Morro Bay Tank Farm And Notice Of Committee Conference**. The Notice directed parties planning to participate in the Morro Bay AFC Committee's May 20, 2005 Committee conference on the petition to file written comments no later than May 13, 2005. These are staff's comments on the petition.

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**Proof of Service (Revised 7-2-04) filed with original.
 Mailed from Sacramento on 5-13-05
 C. Hong**

STAFF SUPPORTS THE APPLICANT'S PETITION

In general, staff is supportive of the applicant's proposal to move forward with tank farm demolition. We have reviewed the Third Revised Presiding Member's Proposed Decision, the Committee-proposed amendments of July 13, 2004, and the Chairman's errata of August 2, 2004, and concluded that the identification of Conditions of Certification applicable to tank farm demolition in those documents is largely accurate. However, in order to ensure that there is no misunderstanding about which conditions of certification are applicable, we identify each one by technical area here.

The Commission decision identifies no conditions of certification applicable to tank farm demolition for the following technical disciplines:

Facility Design

Power Plant Efficiency

Power Plant Reliability

Transmission System Engineering

Transmission Line Safety and Nuisance

Socioeconomics

The Commission decision identifies the following conditions of certification as applicable to tank farm demolition:

Air Quality and Public Health: AQ-C1 – AQ-C3.

Hazardous Materials Management: HAZ-1, HAZ-6.

Worker Safety/Fire Protection: WORKER SAFETY-1, WORKER SAFETY-3.

Waste Management: WASTE-1 – WASTE-6, with WASTE-4 and WASTE-5 applying only if soil excavation or grading is involved.

Biological Resources: BIO-T-1 – BIO-T-5, BIO-T-7, BIO-T-10, BIO-T-12, BIO-T-13, and if the access road is used during demolition, BIO-T-17.

Soil and Water Resources: SOIL & WATER-1 SOIL & WATER-2, SOIL & WATER-4, SOIL&WATER-6; and if groundwater is pumped for tank farm demolition, SOIL & WATER-7, SOIL & WATER-8, SOIL & WATER-10.

Cultural Resources: CUL-1 – CUL-16.

Geology and Paleontology: PAL-1 – PAL-6, if tank farm demolition involves excavating into undisturbed soil.

Land Use: LAND-3 – LAND-5, if tank farm demolition involves use of the lay down or staging areas.

Noise and Vibration: NOISE-1, NOISE-3, NOISE-8, NOISE-9.

Traffic and Transportation: TRANS-1 – TRANS-3, TRANS-5 – TRANS-7.

Visual Resources: VIS-4

In addition, we note that NOISE-2 is not listed in the Commission decision as applying to tank farm demolition. As NOISE-2 identifies a noise complaint resolution process that should be in place from the beginning of project activities through the completion of construction, staff recommends that the Commission direct the applicant to comply with that Condition of Certification during tank farm demolition.

Finally, based on the description of tank farm demolition activities, and the applicability of AQ-C1 and AQ-C2, it does not appear as though the emissions monitoring requirement (AQ-C3) would result in identification of any significant emissions from tank farm demolition. Therefore, we anticipate that the applicant may request that this Condition of Certification not be required for tank farm demolition activities. Based on the information in the record and in the applicant's petition, staff does not plan to object to such a request.

CONCLUSION

As noted above, staff supports the applicant's petition for an order allowing it to proceed with tank farm demolition. Provided that the Conditions of Certification identified in the Commission's final decision are complied with, in addition to NOISE-2, tank farm demolition

will not result in any significant adverse impacts and will comply with all applicable laws, ordinances, regulations, and standards.

Date: May 13, 2005

Respectfully submitted,

A handwritten signature in black ink that reads "Caryn J. Holmes". The signature is written in a cursive style with a large initial "C".

CARYN J. HOLMES
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**STATE OF CALIFORNIA
Energy Resources Conservation
and Development Commission**

In the Matter of:)	
)	Docket No. 00-AFC-12
Application for Certification)	
of Duke Energy for the)	PROOF OF SERVICE LIST
Morro Bay Power Plant Project)	[*Revised 07/02/04]
(MORRO BAY))	

I, Chester Hong, declare that on May 13, 2005, I deposited copies of the attached “**Staff’s Comments on Duke Petition for Order Re Tank Farm Demolition**” in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to the following:

DOCKET UNIT

Send the original signed document plus the required 12 copies to the address below:

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DOCKET UNIT, MS-4
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In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

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I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read "Justin H...", with a long, sweeping underline that extends to the right and then curves downwards.

INTERNAL DISTRIBUTION LIST

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