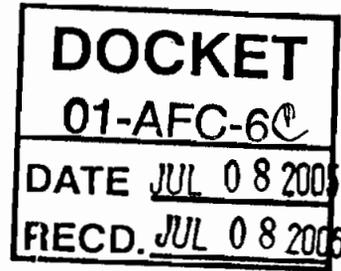


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

July 8, 2005

Mr. Carl D. Haase
Resident Engineer
Magnolia Power Plant
164 West Magnolia Blvd.
Burbank, CA 91502SUBJECT: MAGNOLIA POWER PLANT (01-AFC-6C)
Confined Spaces

Dear Mr. Haase:

Our audit team visited your power plant on Wednesday, July 6, 2005, and discussed some important safety issues with your representative, Ms. Jennifer Wu, regarding compliance with Cal-OSHA standard 8 CCR 5157 (c) (1) and (2). These regulations require an employer to "evaluate the workplace to determine if spaces are permit-required confined spaces" and to "inform exposed employees and other employees performing work in the area, by posting danger signs or by any other equally effective means, of the existence, location of and the danger posed by the permit spaces." Our audit team found only one warning placard (not fixed but temporary) on an entry into a confined space although there are other confined spaces at the power plant. I wanted to ensure that you have been alerted to this problem and that steps must be taken to immediately to identify and post -- with permanently painted or fixed placards - all confined spaces, and that they have the appropriate permit procedures in place for safe entry. Verbal warnings are not considered "other equally effective means." Failure to immediately correct this problem will lead Energy Commission staff to seek appropriate administrative remedies.

If you have any questions, do not hesitate to call me at (916) 653-0159.

Sincerely,

Marc S. Pryor
Compliance Project Managerc: Mr. Patrick Bell, Cal-OSHA
Mr. William C. Hutchings, City of Burbank
Mr. Bruce E. Blowey, Magnolia Power Plant
Ms. Jennifer P. Wu, Magnolia Power Plant
Ms. Cindy Poire, URS Corporation