

## CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512



June 11, 2010

**DOCKET****00-AFC-12**

DATE JUN 11 2010

RECD. JUN 11 2010

John Prill  
Senior Environmental Professional  
Dynergy, Inc.  
West Region Operations  
4140 Dublin Blvd, Suite 100  
Dublin, CA 94568

**SUBJECT: MORRO BAY MODERNIZATION & REPLACEMENT POWER PLANT  
PROJECT (00-AFC-12): TANK FARM DEMOLITION STATUS**

Dear Mr. Prill:

This letter is intended to update you on the latest information regarding the Morro Bay Tank Farm Removal Project. I have just briefed several senior staff here at the California Energy Commission, including the Commission's Chair and they want me to convey staff's current position on the Tank Farm removal process.

Dynergy is not currently authorized to begin demolition activities at the Tank Farm because the Energy Commission staff has not completed a full review of your submittals and determined that all conditions related to the demolition order have been satisfied. Until Dynergy receives written approval to begin demolition, removal pursuant to the order is prohibited.

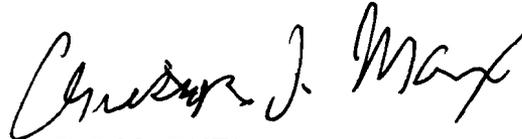
It is the Energy Commission staff's opinion that any removal of the Tank Farm components cannot occur until a site cleanup plan has been submitted to and approved by all appropriate regulatory agencies, including, but not limited to, the California Department of Toxic Substances Control and the Regional Water Quality Control Board. Additionally, the cleanup of the site must be implemented or a cap placed over the site immediately after the removal so that there is no migration of hazardous wastes or substances offsite, to surface water, or to groundwater. These requirements must be addressed in the Storm Water Pollution Prevention Plan.

The Commission's staff has also expressed concerns regarding the jurisdiction of the California Energy Commission over the removal process, since there does not appear to be a path available for Dynergy to construct the power plant that was the subject of the Application For Certification (00-AFC-12). This will be fully addressed by Commission Management at a later date.

John Prill  
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If you have any questions, please call me at (916) 651-0587 or e-mail me at [cmarxen@energy.state.ca.us](mailto:cmarxen@energy.state.ca.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Marxen". The signature is fluid and cursive, with the first name "Chris" and last name "Marxen" clearly distinguishable.

CHRIS MARXEN  
Compliance and Dockets Office Manager  
Siting, Transmission and Environmental  
Protection Division

cc: Jack Caswell  
Kevin W. Bell  
Terrence O'Brien  
Melissa Jones