



Department of Toxic Substances Control



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September 29, 2010

California Energy Commission
Joseph Douglas, Project Manager
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CURRENT CONDITIONS SUMMARY, MORRO BAY POWER PLANT, 1290
EMBARCADERO, MORRO BAY, CALIFORNIA, EPA ID. NO. CAT080011646

Dear Mr. Douglas:

On October 18, 2006, Pacific Gas and Electric (PG&E) and the Department of Toxic Substances Control (DTSC) entered into a Corrective Action Consent Agreement (CACA; Docket HWCA P1-06/07-001) for corrective action at the Morro Bay Power Plant property (the "Site"). The Site is located at 1290 Embarcadero Road in Morro Bay.

On July 1, 1998, PG&E sold the Site to Duke Energy Morro Bay LLC (Duke), who assumed ownership and operation of the Site. On May 4, 2006, LS Power acquired Morro Bay Power Plant from Duke and subsequently merged with Dynegy Inc. However, the CACA identifies and DTSC understands that further corrective action work exists at the Site based upon two Site Assessments submitted by PG&E in July 1997 and December 1997. These two documents identified Areas of Concern (AOCs) which warranted further evaluation by PG&E, including the former tank farm defined as AOC 1 in the above signed CACA.

Presently, Dynegy is in the process of planning tank removal from the former tank farm at the Site. The tanks in question have been previously certified clean closed through DTSC's Permitting Program (to clarify, when a structure is certified clean closed by DTSC, it means that the structure does not contain any hazardous waste and/or hazardous materials at levels which would pose a threat to humans or the environment through exposure to these materials). Also, based upon communications with Bill Veile (the present DTSC Permitting Program project manager that was involved in the Site) and Joseph Douglas (the Site project manager at the California Energy Commission), there will be minimal need for DTSC or other regulatory agency oversight for this activity; this is true assuming that when the bottoms of the tanks are removed, that Dynegy has measures in place to minimize the amount of soil disturbed beneath the tanks, or measures to prevent significant soil removal from the site during these activities. Following removal of the tanks by Dynegy, PG&E will begin investigations of AOC 1 on the Site. Once the other six existing structures tied to AOCs are no longer in use, it is DTSC's expectation that removal of the structures will be followed by investigations as well.

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As one AOC that has previously been identified as the Beach Valve Area (which has only minimal structures in place), DTSC would like PG&E to consult with Dynegy and any appropriate land use agencies to determine if investigations could take place at this AOC in the near future, and if so what access rights or permits would be necessary to do so, and to follow up with DTSC on their findings.

Lastly, DTSC would like to point out that Section 23 of the CACA between PG&E and DTSC states that DTSC has previously been identified as the Administering Agency for this Site, and that the Advisory Team, comprised of DTSC, the Regional Water Quality Control Board and "other agencies as appropriate", exists to administer all state and local laws as appropriate. As outlined in this Section, if an appropriate agency administers specific laws, regulations or other requirements that must be followed during the corrective action process for this Site, they will "identify and provide in writing to the DTSC the appropriate agency laws, ordinances, regulations and other areas that they would otherwise administer; with the objective of streamlining the process and eliminating regulatory duplication and overlap." Before the former tank farm investigations begin (which will be detailed in an investigative work plan currently being prepared by PG&E to be submitted to DTSC for review), DTSC would appreciate interested and appropriate agencies (including the California Energy Commission) to submit their requirements to DTSC in writing, so that they may be added to this Advisory Team for the Site, as appropriate.

If you have any questions or comments, please feel free to contact me at (916) 255-3669 or by e-mail at jbystra@dtsc.ca.gov.

Sincerely,



John Bystra
Hazardous Substances Engineer
Corrective Action and Military Sites

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