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Document Title:	Responses to Comments from Searles Valley Minerals
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**ACE
Cogeneration
Company**

Trona Operating Partners

May 8, 2015

Dale Rundquist
Compliance Project Manager
Siting, Transmission, and Environmental Protection Division
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814-5512

Subject: Response to Comments from Searles Valley Minerals (Docket No. 86-AFC-1C)

Dear Mr. Rundquist:

On May 4, 2015, Searles Valley Minerals (SVM) submitted comments on the ACE Decommissioning Plan (TN 204493). By this letter, the Argus Cogeneration Company ("ACC") responds to these comments. Many of the comments reflect ongoing commercial and contractual discussions between ACC and SVM beyond the scope of the Decommissioning Plan and do not represent any new information relevant to the plan. Overall ACC does not believe the comments warrant any changes in the CEC's *Staff Analysis of Petition to Decommission* (Staff Analysis) docketed on April 8, 2015, including the proposed conditions. The following are specific responses to SVM's comments on the Decommissioning Plan:

1. **"New Owner"** – ACC acknowledges that SVM is owner and lessor of the property where the ACE power plant is currently located. ACC is the owner of the ash landfill. This ownership is explained on page 3-2 of the Decommissioning Plan and illustrated in Figure 3-2 on page 3-8. The term "new owner", refers to Sabco, Inc. as a result of the combined transactions of the proposed transfer of the ground lease for the ACE site, selling some of the equipment, and selling the ash landfill property as explained on page 1-1 and 2-1 of the Decommissioning Plan.
2. **Other Uses of the ACC Plant Site** – ACC does not know or have information regarding Sabco's intended use of the site. As above, ACC recognizes and understands the contractual issues raised by SVM regarding the ground lease and will abide with any requirements of the ground lease including transfer requirements.

3. **Environmental Considerations** – As noted by the CEC staff in the ACE Project Final Staff Assessment (March 1987), the ACE site was highly disturbed prior to development of the power plant. Although the site was highly disturbed, there were no structures on the site and hence undeveloped as described on Section 5.5.3.1 of the Decommissioning Plan. The description in the second paragraph of Section 1.3 (page 1-2) of the Decommissioning Plan presents the land uses on the ACE site and its surroundings. These include uses such as mineral extraction that occur in the broader region.
4. **Ownership of the ACC Ash Disposal Site** – ACC concurs that SVM does not have any responsibility or obligations regarding the ACE ash landfill. The wording in the Waste Water Discharge Requirements refers to “the landowner of the property on which the ACE disposal operations occur...” That landowner is ACC.
5. **Thermal Host Interconnection** - ACC concurs with SVM that up to 600,000 to 650,00 pounds per hour of steam were delivered by the ACE project to SVM. The Decommissioning Plan referred to the average amount of steam delivered when ACC provided steam to SVM. Amounts historically delivered ranged from 0 to 650,00 pounds per hour but generally averaged around 300,000 pounds per hour.
6. **Water** – SVM refers to the August 29, 2014 letter from ACC. The purpose of that letter was to notify SVM that ACE would no longer deliver steam under the agreement because its operations would be terminated as of September 30, 2014. There is no mention of October 1, 2015 in the letter.

ACE has continued to receive and pay for potable and brackish water from SVM. ACE acknowledges three payments totaling less than eight hundred dollars were inadvertently missed because of a change in personnel. These missed payments were paid on or before May 8, 2015.

If SVM is unwilling to provide water after October 1, 2015, ACE will obtain any required water from other municipal water and/or brackish water suppliers in the area. The municipal water supplier in Trona, CA is an SVM affiliate company. Water use during decommissioning will be minimal for a maximum of 30 workers a day and for dust control. Water use during October 2015 should be at an extremely low level since all of the demolition work will be completed with only final site clean up remaining.

SVM notes that the source of the brackish water supply is from the South Brackish and Valley Wells brackish water systems. As the brackish water supplier, they are knowledgeable of the source and ACC appreciates the correction.

7. **Waste Water** - Waste water produced during decommissioning will be minimal since there will not be any process water produced. It will primarily consist of equipment wash water and human waste water. If SVM does not provide waste water disposal after October 1, 2015 or during decommissioning, ACE will use

portable toilets and collect and truck any equipment waste water off site to be disposed of in an approved disposal location. Waste water generation during October 2015 should be minimal since a minimum number of workers will be on-site to complete clean-up activities.

8. **Fire Water** - Water for fire protection is stored on-site in two 300,000-gallon tanks. The tanks are kept full at all times. If SVM discontinues supplying water to the site after October 31, 2015¹, ACE will obtain any water needed to replenish the water tank from municipal water suppliers in the area. The need for fire water on or after this date is expected to be very unlikely since the power plant is no longer in operation and will have been demolished and removed, the transmission line will have been de-energized, and no significant flammable materials will remain on site.
9. **Underground Foundations, Structures, Pipelines, Etc.** - ACC acknowledges SVM's instructions in reference to the terms of the ground lease to restore the site to its raw land condition at the end of the lease period on December 31, 2045 as set forth in SVM's letter dated November 4, 2014. Again, ACC will continue to abide by the lease terms. The location of underground foundations and pipelines can easily be determined from project drawings and plans as well as through commonly known and used methods. That is a condition of the lease that does not require independent Commission enforcement nor is such redundant enforcement appropriate following decommissioning of the power plant.
10. **Hazardous Materials** – ACC does not know Sabco's intended use of the site. ACC has committed to remove all hazardous and non-hazardous material from the site except those requested Sabco to be left. This request is primarily chemicals associated with the water treatment facility.
11. **Dust Control** – As proposed in the Decommissioning Plan on page 5-12 and required in the CEC Staff Analysis on page 15, ACC or its demolition contractor will submit a dust control plan to the MDAQMD at least 30 days prior to the commencement of demolition activities.
12. **Emissions during ACC's Prior Operations** – ACC agrees that ACE operated more in 2012 than 2013. Emissions from 2013 were used as the base year for comparing the operating and decommissioning emissions because it was the last full calendar year of operation and also represented a lower emission baseline. Even with these lower emissions in 2013, emissions will be significantly lower than operating emissions and are also expected to be lower than construction emissions.

ACC and the CEC in their analyses estimated decommissioning emissions from equipment and vehicles to be used during decommissioning. Emissions from activities such as cutting of materials with saws and torches are expected to be

¹ Note: The date of October 31, 2015 may have been a typographical error since all other identified dates have been October 1, 2015.

significantly less than emissions from equipment and vehicles. Even if these minor emissions were included, it would not change the conclusion that emissions during decommissioning will be significantly less than emission from operation of the ACE plant, especially if compared to prior years when operations were greater.

13. **Noise** – Noise levels were measured at the closest residence because it is the nearest sensitive receptor. San Bernardino County ordinance exempts demolition activities that occur during the daytime (7 am to 7 pm) from noise limits. Construction and demolition activities occur outdoors where sound levels drop off quickly. As explained in the Decommissioning Plan on page 5-58, equipment noise levels during demolition are not expected to exceed noise levels of 90 dBA at 50 feet. The resulting worst case noise levels are not expected to be significantly different than noise levels from ACE, when it was an operating power plant with a cooling tower, and/or SVM's current operations. Consequently, SVM employees will not be exposed to noise levels from equipment that exceed noise levels associated with current SVM operations or those experienced when ACE was in operation.

Noise levels associated with implosion charges will be greater than equipment noise as explained on page 5-60 of the Decommissioning Plan. This noise will be of short duration (less than eight seconds). SVM and nearby residents will be notified of the timing of the implosion event.

As the CEC staff concluded in the Staff Analysis (page 29), demolition of ACE is not expected to result in a substantial temporary increase in ambient noise levels.

14. **Decommissioning Alternatives** – ACC acknowledges SVM's request and the ground lease requirement that the site is to be restored to its raw land condition when the lease term ends in 2045. As noted above, that is a condition of the lease that does not require independent Commission enforcement nor is such redundant enforcement appropriate following decommissioning of the power plant.
15. **Board Order No. 6-00-92** – ACC acknowledges the Waste Water Discharge Requirement for submitting a closure/post closure plan for the ash disposal site. ACE has an existing closure plan that was approved by the Lahontan Regional Water Quality Control Board (LRWQCB). ACC has asked that the LRWQCB accept the existing plan and has been informed orally that is acceptable.
16. **Nuisance** – MDAQMD Rule 402 requires that:

“A person shall not discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance or annoyance to any considerable number of persons or to the public, or which endanger the comfort, repose, health or safety of any such persons or the public, or which cause, or have a natural tendency to cause, injury or damage to business or property.”

Emissions of air contaminants, Public Health, and Worker Safety have all been analyzed in the Staff Analysis, and the decommissioning activities have been shown to cause insignificant impacts. The Staff Analysis contains a condition that a Dust Control Plan must be filed and implemented, which would prevent fugitive dust from causing a nuisance. Rule 402 is generally enforced by the MDAQMD if "any considerable number of persons" file complaints, in which case the District will investigate the concerns and enforce the rule as appropriate. No further action or requirement is needed unless decommissioning activities at ACE result in a considerable number of complaints that the District determines are legitimate and require further abatement.

17. **Explosives Plan** – ACC has contracted with a professional, experienced contractor to perform the demolition and implosion. The company is licensed in the State of California, bonded, and maintains professional liability insurance. Additionally, ACC is a fully solvent company and maintains appropriate general liability insurance. As required in the CEC Staff Analysis (page 28), at least 30 days prior to allowing explosives on the site, ACC or its demolition contractor will obtain an explosives permit from the San Bernardino County Fire Department.
18. **Boiler Refractory** – The boiler refractory has been fully tested and determined to be non-hazardous. Ash collected from the boiler has also been tested and determined to be non-hazardous by the LRQWCB. The LRQWCB has also permitted ACC to deposit refractory material in the landfill in the past. As noted in the response to comment #5, ACC is the landowner of the ash landfill.
19. **Asbestos and Lead Paint** – ACC was constructed in the late 1980's. No asbestos or lead paint were used in the construction or operation of the ACE project. Larry Trowsdale, the original developer and plant manager for the ACE project with Kerr-McGee has stated that it was Kerr-McGee's standard practice at that time not to use lead paint or asbestos in their facilities (personnel communication, May 7, 2015). The Executive Summary of a Phase I Environmental Site Assessment provided as Appendix E of the Decommissioning Plan indicates that no evidence of Asbestos Containing Materials (ACM) were found at the ACE plant site and this finding was confirmed through interviews with site personnel and a review of pertinent documents from plant files.
20. **Demolition Permit** – The CEC's approval of the Petition for Decommissioning of the ACE project is issued in lieu of a permit issued by the San Bernardino County Land Use Services Department.
21. **Demolition Notice to MDAQMD** – As required by the MDAQMD, ACC will file a demolition notice with the MDAPCD at least ten working days prior to the start of demolition activities. If the district deems additional fees or surveys are required, ACC will comply with these requirements.
22. **Post Demolition Site Assessment** – The CEC is responsible for and will perform

site assessments as part of their on-going compliance monitoring program for projects under their jurisdiction.

23. **Conditions of Certification-CEC Executive Summary** – ACC will require its demolition contractor to use compliant equipment for the demolition activities. The diesel trucks used will comply with CARB’s “On-Road Heavy-Duty Diesel Vehicles (In-Use) Regulation” as needed based on the vehicle weight. Off-road diesel equipment will comply with CARB’s “In-Use Off-Road Diesel Vehicle Regulation”. This regulation applies to all diesel equipment greater than 25 hp in California, and is not specific to demolition of ACE. Since these rules are applicable throughout California and are not project specific (similar to automobile emissions standards in California), it is not considered necessary to list them as project specific requirements.
24. **Fire Protection and Emergency Medical Response** – ACC acknowledges in the Decommissioning Plan that SVM has provided fire protection (see page 5-66) and emergency medical response services for a monthly fee. ACC also acknowledges it has missed payments due to the turnover in personnel but has made that payment on or before May 8, 2015. ACE is also served by the San Bernardino County Fire Department Station 57 (see page 5-66 of the Decommissioning Plan). These arrangements provide adequate Fire Protection and Emergency Medical Response.

The CEC Staff Analysis concluded that the decommissioning project meets all applicable LORS related to fire protection and suppression (page 48-49). The CEC staff also required an automatic external defibrillators be present on-site at the start of decommissioning activities to provide the quickest medical intervention (page 51). ACC will comply with this condition.

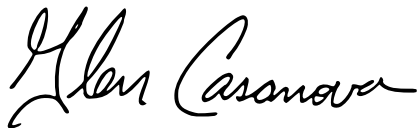
25. **Commencement of Decommissioning** – Although the Commission Decision and Order adopted in 1988 included a requirement to file the Decommissioning Plan one year prior to the start of decommissioning, it is generally understood that these timing requirements are set to allow CEC staff adequate time to review and approve of the Plan. If CEC staff are able to complete their review in less time (as they have done so), there is no other legal requirement mandating that the decommissioning must wait for the remaining months and cannot start immediately upon approval of the Petition by the Commission.

Furthermore, although the Final Decommissioning Plan was submitted on November 2014, ACC met with CEC staff on multiple occasions between June 2012 and 2014 to discuss the development a replacement project for ACE and the decommissioning of the ACE project (see footnote on page 2-3 of the Decommissioning Plan). In 2013, ACC obtained a power purchase agreement with Southern California Edison (SCE) for a natural gas combined heat and power replacement project and was optimistic the project could be constructed and operated to provide power to SCE and steam to SVM. When ACC was not

able to obtain a steam sales agreement from SVM, it informed the CEC in June 2014 of the need to decommission the ACE Project. Decommissioning was accelerated to meet SCE's request for early closure of ACE to reduce its system's greenhouse gas emissions. ACC submitted the Decommissioning Plan as soon as possible after informing the CEC staff of its intent.

In summary, we believe that our responses to these comments demonstrate that the Staff Analysis has addressed the potential for significant environmental impacts and recommended appropriate conditions to ensure that the demolition activities will be conducted in compliance with applicable Laws, Ordinances, Regulations and Standards (LORS). We commend staff for their review of the Decommissioning Plan in a timely manner, and encourage the Commission's approval so that this work can begin. Thank you for your consideration of these responses and please let us know if you have further questions.

Sincerely,

A handwritten signature in black ink that reads "Glen Casanova". The signature is written in a cursive, flowing style.

Glen Casanova
General Manager ACE Cogeneration Company, LP
Managing Director, Trona Operating Partners, GP