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STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

DEC 23 1983

BUSINESS MEETING

1516 NINTH STREET  
1st FLOOR HEARING ROOM  
SACRAMENTO, CALIFORNIA

WEDNESDAY, DECEMBER 14, 1983

10:24 A.M.

Reported by: Patricia A. Petrilla

Video/Audio Recording Services, Inc.  
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COMMISSIONERS PRESENT

- 1
- 2 Charles R. Imbrecht, Chairman
- 3 Russell L. Schweickart, Commissioner
- 4 Karen K. Edson, Commissioner
- 5 Geoffrey D. Commons, Commissioner

EX OFFICIO

- 6
- 7 Bill Foley

STAFF PRESENT

- 8
- 9 Randall M. Ward, Executive Director
- 10 William Chamberlain, General Counsel
- 11 John Chandley
- 12 Fred Berryman
- 13 Luree Stetson
- 14 Ron Kukulka
- 15 Leon Vann
- 16 Linda Greule, Secretary

PUBLIC ADVISER'S OFFICE

- 17
- 18 Ernesto Perez

ALSO PRESENT

- 19
- 20 Robert Foster, California Electrical Alliance
- 21 David McFarland, American Home Lighting Institute
- 22 William Clark, City of Sacramento Building Department
- 23 Dennis Loheit, Sacramento Fire Department
- 24 Jay McLaughlin, California Solar Energy Industries Assn.

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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: I think we'll begin the  
4 meeting. I think Commissioner Commons is outside and will  
5 be in shortly. Commissioner Gandara is absent today on  
6 Commission business.

7 We'll try to move through our morning items, and  
8 then take up the nonresidential standards when we reconvene  
9 at 1:30.

10 The first item on the agenda is Commission  
11 consideration and possible granting of a petition for  
12 rulemaking filed by the California Electrical Alliance to  
13 amend sections of the residential building standards.  
14 We'll first -- Mr. Chandley, are you prepared to begin that  
15 presentation, or Mr. Ward?

16 EXECUTIVE DIRECTOR WARD: Yes. John Chandley  
17 I think can outline the request for petition here.

18 MR. CHANDLEY: Mr. Chairman, as explained in the  
19 issue memo, this petition asks that we amend a regulation  
20 that we just recently adopted, adopted as late as August 24,  
21 1983. That regulation in itself was the result of a  
22 petition filed by a lighting manufacturer.

23 Essentially the regulation requires that a  
24 certain type of lighting fixture, that is type IC, be  
25 installed when recessed lighting is used in insulated

1 ceilings of residential buildings, and the rationale for  
2 that rule was that this type of fixture does not require  
3 the builder to block off the insulation and leave a gap  
4 in the ceiling insulation, because in this type of fixture,  
5 it therefore allows the insulation to be complete across  
6 the ceilings without creating a fire hazard.

7 For those reasons, we adopted the regulation, and  
8 also based upon the showing by the petitioner at that time,  
9 that such a regulation would be cost-effective.

10 There was minimal participation in the first  
11 proceeding. The staff had gone through the material, but  
12 had not done an independent verification of this. No other  
13 parties addressed the item, and no one from the California  
14 Electrical Alliance made any comments on this particular  
15 proposal at the time.

16 The Commission having no opposition, therefore  
17 adopted that regulation. The regulation is, as a legal  
18 matter, is now in effect, because the Building Standards  
19 Commission has published an emergency supplement containing  
20 that and other regulations that we adopted in August, and  
21 so it is part of the Title 24 now in effect.

22 So the new petition in effect says that a lot of  
23 other competing products out there that would be excluded  
24 by this regulation, that the cost assumptions assumed, or  
25 relied upon by the Commission, and presented by the original

1 petition are subject to question, and that the regulation  
2 therefore ought to be amended.

3           So that matter is before you. I believe the  
4 staff's recommendation is that we go ahead and grant the  
5 petition. The staff has not taken a position on the merits  
6 of the proposed amendment, but it saying that we would liked  
7 to have heard both sides of this in the original proceeding.  
8 We regret, if we didn't take the effort to solicit both  
9 sides more actively, although the notice was quite clear  
10 about what we were proposing to do, and that we would like  
11 to hear both sides in an ongoing rulemaking proceeding  
12 that's scheduled again in January.

13           So, I think the proponent of the petition is here,  
14 and they might want to speak to that. As I understand it,  
15 there are other people who want to speak in opposition.

16           CHAIRMAN IMBRECHT: Fine. We have a number of  
17 people that wish to address this item. First I'll call  
18 upon Mr. William Clark -- I'm sorry, just a moment. Excuse  
19 me. Let me call first upon the representative of the  
20 proponent, or the petitioner, and that's Mr. Robert Foster  
21 from the California Electrical Alliance.

22           MR. FOSTER: Mr. Chairman and members, my name is  
23 Robert Foster, I'm here today representing the California  
24 Electrical Alliance in support of the petition before you.

25           Very briefly, we have what we consider an

1 unfortunate situation here where the original regulation  
2 passed in July was done so, what we believe to be incomplete  
3 information, and we accept part responsibility for that,  
4 because to be very candid, we flat missed it. We did not  
5 see it when it was first up for hearing, and did not  
6 recognize the significance of it.

7           Subsequent to its adoption, it has posed a number  
8 of problems for the industry, not the least of which, as  
9 staff has mentioned, are product availability for a number  
10 of items that the consumers use in this state. It has  
11 limited, as a result of that, consumer choice -- or will  
12 limit consumer choice.

13           We think that some of the information that was  
14 presented on the energy conservation aspects of IC fixtures  
15 was inadequate, and we are here today urging you to rehear  
16 this issue, and do so as expeditiously as possible, because  
17 it has the potential to cause a great deal of chaos in  
18 the marketplace.

19           If I may, I have with us today, Mr. Dave  
20 McFarland from the American Home Lighting Institute who  
21 does represent the industry -- an industry-wide group on  
22 this issue, and I think he would like to say a few words  
23 on our behalf.

24           CHAIRMAN IMBRECHT: Fine.

25           MR. MCFARLAND: The American Home Lighting

1 Institute is a Chicago based national trade association that  
2 has eight recessed fixture manufacturers who have produced  
3 probably about 80 percent of the -- 80 to 85 percent of  
4 the fixtures, recessed fixtures that are manufactured and  
5 sold in the United States. Included in the membership is  
6 the petitioner, Juno Lighting, and we have a request that  
7 you also hold the rulemaking hearings.

8 We feel that -- the American Home Lighting  
9 Institute feels that this particular petition has created  
10 an exception to the National Electric Code by limiting the  
11 recessed incandescent lighting to one single type, which  
12 is the type IC, and we believe that this is very restrictive  
13 and does definitely place a hardship on the industry, and  
14 also on consumers.

15 There has been a tremendous amount of work done  
16 over the past two to three years at the National Electric  
17 Code, Underwriters Laboratories, and within the recessed  
18 fixture industry to come up with basically two types of  
19 recessed fixtures, both of which can be used in insulated  
20 ceilings, the type IC and the thermally protected.

21 We feel that both of these types should be allowed  
22 for use, and there's a third type, the architectural lighting  
23 type fixtures which are used in a limited number of homes,  
24 but it is being prohibited.

25 Presently, the type IC fixtures represent about

1 30 percent of the fixtures sold in the California market,  
2 and the other 70 percent would be prohibited from being  
3 installed. For those reasons, we feel that it would be  
4 in the best interests to hold a rulemaking hearing to amend  
5 the California Administrative Code.

6 CHAIRMAN IMBRECHT: All right, fine.

7 MR. FOSTER: Mr. Chairman, if I may, I also --  
8 just to clarify one point, the original proponent of this  
9 regulation, Juno Lighting, I believe has sent a letter to  
10 the Commission, and they are, in effect, joining with CEA,  
11 our organization, in requesting that this petition be  
12 granted, and that this be reheard. They are also citing  
13 that there are problems in the marketplace as a result of  
14 the adoption of the regulations.

15 CHAIRMAN IMBRECHT: All right, fine.

16 MR. McFARLAND: Mr. Commissioner?

17 CHAIRMAN IMBRECHT: Yes.

18 MR. McFARLAND: There was a letter sent on  
19 December 9 to the Commission, and I would like to state  
20 one sentence that was made in this letter from Juno, and  
21 the letter states, the sentence states that, "We agree  
22 with the California Electrical Alliance, and feel that  
23 little will be accomplished by mandating the use of IC  
24 products, and there would be negative aspects to this  
25 mandate."

1 CHAIRMAN IMBRECHT: All right, fine. We've  
2 received that letter, it is part of our docket on this  
3 matter.

4 MR. McFARLAND: May I also submit the statement  
5 from the American Home Lighting Institute summarizing the  
6 statement that I made?

7 CHAIRMAN IMBRECHT: Certainly, we'll accept that  
8 and add that to our record as well.

9 COMMISSIONER EDSON: I do have a question. I'm  
10 not sure whether it's appropriate for this proponent or  
11 the staff to respond.

12 CHAIRMAN IMBRECHT: Yes, Commissioner Edson?

13 COMMISSIONER EDSON: In reviewing -- let me  
14 address it to the proponent. In reviewing the record of  
15 the rulemaking, did you come across misinformation that  
16 the Commission had before it in arriving at its original  
17 decision?

18 MR. FOSTER: Yeah. We believe that some of the  
19 information provided was inaccurate in a couple of aspects.  
20 The major point we're stressing here is the market  
21 availability of fixtures that are commonly sold in California.  
22 But in addition to that, some of the comments relative to  
23 the merits of the IC fixture, we think were overstated  
24 in a number of areas.

25 COMMISSIONER EDSON: Thank you.

1 CHAIRMAN IMBRECHT: Commissioner Commons?

2 COMMISSIONER COMMONS: What would be our person  
3 year impact, or impact on our staff if we grant this  
4 petition?

5 CHAIRMAN IMBRECHT: Mr. Ward?

6 EXECUTIVE DIRECTOR WARD: Commissioner, I'm not  
7 prepared to give you a specific summary of the resource  
8 demand. Certainly, we took into account petitions when we  
9 were going through our work plans and recognized that they  
10 were part and parcel to the process, so I can't say that  
11 it wouldn't jeopardize something else in terms of the  
12 time frame, but I can certainly get back to you on that.

13 CHAIRMAN IMBRECHT: Commissioner Schweickart?

14 COMMISSIONER SCHWEICKART: Yes. Commissioner  
15 Commons, we have in-house at this time -- how many would  
16 you say, John, five or so? Four or five petitions which  
17 are being scheduled the first part of next year for hearing  
18 on revisions to the building standards. This would simply  
19 be added to that group.

20 It's being made very clear in the hearing order  
21 going out that the burden of proof will be heavily shifted  
22 to the various proponents and opponents of the items before  
23 us. There is essentially no alternative to that, given the  
24 available staff resources. So this would simply add another  
25 increment to those things which are already in the docket

1 and which we will be hearing.

2 COMMISSIONER COMMONS: Can I then assume that  
3 there will not be a request for reallocation of staff if  
4 we grant this petition?

5 COMMISSIONER SCHWEICKART: No. We have to dispose  
6 legitimately with petitions related to our responsibilities.  
7 Should that somehow surprisingly become extraordinarily  
8 burdensome, that request may be forthcoming. However, I  
9 would certainly not anticipate that.

10 COMMISSIONER EDSON: I would note that this comes  
11 up beginning in January, which means that we will have a  
12 quarterly review between now and then which might provide  
13 the opportunity to assess the correct allocation of  
14 resources.

15 CHAIRMAN IMBRECHT: I would just say as well,  
16 that I think that this falls within the context of the  
17 type of matters that we have a direct responsibility to  
18 be responsive to the citizens of our state, and in the  
19 event that we are short on staff to consider legitimate  
20 petitions that are filed before us, and where there are  
21 merits that argue strongly in favor of proceeding with an  
22 additional rulemaking, then I think that's the type of  
23 item, as well, that I would feel no compunctions about  
24 coming back to our control agencies, and pointing out  
25 additional workload associated with those responsibilities.

1           COMMISSIONER COMMONS: Well, I can sympathize  
2 with the petition, and sympathize with that procedure, I  
3 just don't want to go through an adjustment of work plans  
4 in granting the petition. I guess I would like in the  
5 future, if we have petitions of this type, that one of the  
6 elements that be included in our package is the impact on  
7 staff in terms of the granting or nongranteeing of a  
8 petition, or anything that impacts our work plans. I think  
9 that would be appropriate to have an understanding of that  
10 which we're doing.

11           CHAIRMAN IMBRECHT: All right. Work plans did  
12 contemplate, though, petitions filed for modification of  
13 building standards to begin with.

14           EXECUTIVE DIRECTOR WARD: Well, I think, you know,  
15 Commissioner Commons' point is well taken, and we can't  
16 anticipate the workload for each and every petition, and  
17 it's crystal balling, initially, we're before you, to  
18 proceed in the petitions, as to what kind of resource  
19 demands are going to be made.

20           I think to the extent that, you know, we can  
21 estimate what resources are necessary per an individual  
22 petition, I think that obviously depends on the number of  
23 participants, and the complexity of the issue, and sometimes  
24 you don't know until you actually get into the issue, and  
25 I'm not speaking to this specifically.

1           So, I think generally we can try to give you some  
2 assessment as to whether it can be accomplished within the  
3 existing work plan, or it's going to require some shift.

4 Is that a fair --

5           COMMISSIONER COMMONS: I think that would be  
6 helpful to us in looking at the items. Does anyone have  
7 an idea of -- in the original petition, the amount of time  
8 that was required to hold that hearing?

9           MR. BERRYMAN: I'm Fred Berryman and have been  
10 assigned as project manager on this petition if it's granted,  
11 and the original participants from staff were Bart Gauger  
12 and Gene Mallette, and they have since been transferred from  
13 the Commission, so I don't have an accurate idea of the  
14 amount of time involved, however, much of the information  
15 was presented -- formulated by the petitioner so the amount  
16 of time, I would say, was relatively limited.

17           I have talked to the petitioner, and discussed  
18 this matter, and have an indication from them that they  
19 would put their resources to work to ease the burden on  
20 us in terms of answering questions, doing analysis, and  
21 getting facts to us that would allow the Committee to look  
22 at and make a judgment on the new information.

23           So I would see, at this point, a relatively  
24 limited staff involvement.

25           COMMISSIONER COMMONS: Are you talking -- when you

1 say relatively, is that one person year, five person years,  
2 one person month, I don't --

3 COMMISSIONER SCHWEICKART: Let me make a guess  
4 here, Commissioner Commons. I think we're making to do  
5 over this than is really deserved. If I'll make an  
6 estimate, it was like three person hours.

7 COMMISSIONER COMMONS: That's what I wanted to  
8 hear, thank you.

9 CHAIRMAN IMBRECHT: Okay, fine. We have two --  
10 thank you very much gentlemen. We have two other  
11 individuals who would like to speak to this item. First  
12 I'll call Mr. William Clark, Chief Electrical Inspector for  
13 the City of Sacramento. Mr. Clark.

14 MR. CLARK: Mr. Chairman, my name is William  
15 Clark, I'm Chief Electrical Inspector for the City of  
16 Sacramento, as well as Chairman of the International  
17 Association of Electrical Inspectors for the Sacramento  
18 Valley Chapter.

19 I wanted to commend the Committee that wants to  
20 adopt this IC fixture. This is something that the  
21 International Association of Electrical Inspectors has  
22 been working on for years, is to improve the safety of  
23 recessed lights being installed in residences.

24 One of our major problems we have in the City of  
25 Sacramento is that we have existing homes that have older

1 type of UL approved fixtures that did not provide this  
2 protection, and we're having just fires after fires.  
3 Presently, we haven't had one where there was death, but  
4 we have had a lot of property damage.

5           So we are addressing this issue, and now we've  
6 got a situation where we're coming up with something that  
7 says we're going to stop the ignition of this, and there'll  
8 be no more fixtures that we'll be concerned about. So if  
9 we can stop it at this time, and then address the existing  
10 fixtures that we've got, try to prevent them from causing  
11 fires, then that's what we're really looking for.

12           Now, the key point that I want to bring up, that  
13 this started to come about in the 1975 National Electrical  
14 Code because of the embargo on -- the fuel embargo, and  
15 that's when yourselves, as well as the Federal Energy  
16 Commission -- as a matter of fact, and I hate to say this,  
17 but you are the responsible party here for the problems  
18 we've got, not knowingly, you are addressing insulation  
19 and restricting -- reserving fuel, and turn right around,  
20 and now we've got a major problem on our hands as far as  
21 the safety of our public.

22           Now, this initiative here I feel is starting to  
23 address that, and you're looking at it from a standard of  
24 well, let's save energy, that's fine. But to look at it  
25 as far as saving life and property, that's our problem, and

1 this is a major problem we are concerned with.

2 Now, when we talk about the IC fixture, IC  
3 standing for insulated ceiling, this is the type of fixture  
4 that's almost like -- in reference to cars, it's like the  
5 air bag, you don't have to worry about it, you don't have  
6 to put it on, if there's an accident, boom, it's protecting  
7 you.

8 Now, the other fixture that I think the manu-  
9 facturers are referring to are the thermal protected fixture.  
10 Fine. This is a good fixture too, this is improving the  
11 conditions, but it still doesn't solve the problem. All  
12 this means is if insulation is on top of the fixture, or  
13 in -- there is any type of problem there, it will trip the  
14 light off.

15 But soon as the light or anything cools off, it  
16 will come right back on. So the person that owns the house,  
17 they have no idea of why the light went out, they'll think  
18 that the bulb is missing, or the bulb is burned out. So  
19 we really haven't solved it. All we've done is just try  
20 to provide some type of cosmetic solution.

21 But the IC fixture is the solution for this.

22 CHAIRMAN IMBRECHT: You're speaking, then, I take  
23 it in opposition to the petition?

24 MR. CLARK: Right. I'm for the amendment, sir,  
25 yes.

1           CHAIRMAN IMBRECHT: I understand. Let me just  
2 indicate that in the event the petition is granted, this  
3 would institute a rulemaking procedure where if the merits,  
4 and your arguments with respect to safety considerations  
5 and so forth could simply be heard once again, as well as  
6 the concerns of the manufacturers.

7           MR. CLARK: Yes, okay.

8           CHAIRMAN IMBRECHT: So by granting the petition,  
9 we are not repealing the regulations that currently exist,  
10 but instead, instituting a proceeding by which we will in  
11 effect take a second look at that issue.

12          MR. CLARK: I see, sure, okay.

13          COMMISSIONER SCHWEICKART: Mr. Clark, I would  
14 certainly appreciate your testimony, and any evidence you  
15 have to support the remarks that you've made here at such  
16 time -- and I assume we will grant the petition -- that we  
17 do have the hearings on this matter. That would be most  
18 helpful.

19          MR. CLARK: Oh, fine, Mr. Chairman. I have pictures  
20 of various fixtures ready to ignite the ceilings and things  
21 like that.

22          COMMISSIONER SCHWEICKART: Well, we will welcome  
23 your return at the time we hear the substance on the matter.

24          MR. CLARK: Fine, I'll be glad to sir.

25          COMMISSIONER SCHWEICKART: I take it you have no

1 particular objection to the Commission granting the petition  
2 to hear the matter.

3 MR. CLARK: Oh, no, no, this would be fine, and  
4 we could at that time really air the situation, yes.

5 CHAIRMAN IMBRECHT: Fine. Thank you very much.  
6 Next, Mr. Dennis, I hope I pronounce this correctly, Loheit,  
7 Fire Inspector from Sacramento Fire Department.

8 MR. LOHEIT: Yes. I'm Dennis Loheit, I represent  
9 the Sacramento City Fire Marshal's Office, and my comments  
10 were here also to be in favor or pro IC fixtures.

11 As Mr. Clark said -- well, the Sacramento Fire  
12 Department hasn't been overloaded with fires that have  
13 been caused by recessed light fixtures, but when I asked  
14 the fire investigators in our office about the number of  
15 fires they've investigated that have been caused by  
16 recessed light fixtures, and improper insulation installed  
17 around them, I was alarmed.

18 There was quite a few. All of them knew of  
19 fires, or had investigated fires that had been caused by  
20 these fixtures.

21 As you know, our Chief Electrical Inspector has  
22 pictures of these fires, and is willing to show them when  
23 the proper time arrives. Recessed UL fixtures, when  
24 installed by an electrician, are relatively safe, but an  
25 IC rated fixture, I feel, will prevent even an unknowing

1 homeowner, or other careless installer, from placing  
2 insulation too close, or over the fixture, which causes the  
3 overheating and the problem.

4 The Sacramento Fire Department feels that the  
5 IC rated fixture will save many dollars from fire loss,  
6 and protection from possible injury in residential buildings.  
7 Thank you.

8 CHAIRMAN IMBRECHT: Thank you very much. Do I  
9 hear a motion on this matter? First, is there anyone else  
10 that wishes to address Item No. 1? Commissioner Commons,  
11 do I hear a motion?

12 COMMISSIONER SCHWEICKART: I'll move that we  
13 accept the petition for hearing.

14 CHAIRMAN IMBRECHT: Fine, it's been moved and  
15 seconded -- moved by Commissioner Schweickart, seconded by  
16 Commissioner Edson. Is there objection to a unanimous  
17 roll call? Hearing none, the petition is granted, and there  
18 will be notice forthcoming as to the appropriate rulemaking  
19 hearings.

20 (Agenda Item No. 2, Under Separate Cover.)

21 CHAIRMAN IMBRECHT: Next, Item No. 3.

22 EXECUTIVE DIRECTOR WARD: Mr. Chairman, excuse me.  
23 Before we start the next item, we have a representative  
24 from the California Solar Industry Association, Jay  
25 McLaughlin, that's here to make a special presentation at

1 this time. I'd like to invite him forward.

2 CHAIRMAN IMBRECHT: Yes, please.

3 MR. McLAUGHLIN: Mr. Chairman, Commissioners, I  
4 come before you today as a representative of the California  
5 Solar Energy Industries Association, and the over 25,000  
6 California citizens that are employed by this industry, and  
7 the National Solar Energy Industries Association to pay  
8 special tribute to Commissioner Edson for her outstanding  
9 contribution to solving the energy dilemma in California.

10 During the past two years, Commissioner Edson  
11 has fostered the growth of a partnership between government  
12 and industry to seek responsible alternatives in the  
13 energy arena, and for her particular contributions in the  
14 area of the solar tax credit, and developing the California  
15 Solar Code, I'm pleased today to present to Commissioner  
16 Edson, the award of appreciation for outstanding leadership  
17 in developing responsible energy policy for the State of  
18 California.

19 It is my pleasure then, today, to present this  
20 to Commissioner Edson.

21 CHAIRMAN IMBRECHT: Please come forward. Thank  
22 you. I'm sure the members of the Commission join in  
23 paying tribute to Commissioner Edson for her service, not  
24 just to the solar industry, but also to the Commission and  
25 the people of the State of California.

(Applause.)

1 COMMISSIONER SCHWEICKART: Speech?

2 CHAIRMAN IMBRECHT: Yes, and the winner is --  
3 (Laughter)

4 COMMISSIONER EDSON: Well, I'm a little taken  
5 aback, I must say. I'm certainly flattered and honored to  
6 receive this award, and I've also been quite honored to  
7 have served my two years here on the Energy Commission and  
8 to have the opportunity to work with the solar industry and  
9 others on tax credit issues, and solar installation issues,  
10 which I know are important to the state.

11 I hope in that time I've succeeded in striking a  
12 balance between the interests of the industry, and interests  
13 of the public. I think this was an area where in many  
14 cases those interests joined, but certainly not in every  
15 case. I'd like to add that to the extent I'm being honored  
16 here, I certainly believe that the Commission and the staff  
17 of the Commission are also being honored.

18 This is an area that I think everyone should take  
19 pride in, I certainly do. Thank you very much.

20 CHAIRMAN IMBRECHT: Thank you, Commissioner Edson.  
21 I think that it's fair to say that Commissioner Edson's  
22 oversight of the preparation of data supporting the  
23 extension of the solar tax credit was instrumental in that  
24 effort, and as she prepared to leave the Commission, can do  
25 so with the knowledge that she indeed was the Joan of Arc of

1 that effort.

2 COMMISSIONER SCHWEICKART: She might be reappointed.

3 COMMISSIONER EDSON: I hope I didn't burn on the  
4 cross.

5 (Laughter)

6 CHAIRMAN IMBRECHT: Okay. That was a pleasant duty.

7 (Agenda Item No. 3, Under Separate Cover.)

8 CHAIRMAN IMBRECHT: I believe you have a Committee  
9 Report to make as well, Commissioner Commons. If you'd  
10 like to proceed to that now, and then we will go on to the  
11 Legislative Report in just a moment.

12 COMMISSIONER COMMONS: The CFM Committee has  
13 issued to the utilities modifications of the CFM Order  
14 concerning conservation quantification and high and low  
15 oil prices. There are two or three errata in that order  
16 which I'd like to note for the utilities, and which I think  
17 are minor, but it would be difficult to comply as written.

18 On the first page, it says -- the dates are  
19 shown as May 1st, 1983, and that obviously should be May 1st,  
20 1984, and it should be understood by staff that although the  
21 Committee has granted them a 60 day extension, we do  
22 understand that they are working on a 90 day time line, and  
23 that their schedule has not -- they don't intend to change  
24 that.

25 On the second page, under 1(a), there's a

1 statement saying, "except as allowed through provisions  
2 (c) and (d)". That should read, "except as allowed through  
3 provision (c)", since there is no (d) below. That order  
4 will be corrected.

5 I wanted to bring it to the attention of the full  
6 Commission, although no action is taken, and that under  
7 the modification procedures, the Committee said that when  
8 they do grant modifications, it will be made available to  
9 all Commissioners, and to the utilities, and of course,  
10 there's a right of appeal by a Commissioner, by staff,  
11 and by the utilities to any of these orders.

12 But the practice we thought was to make it as  
13 part of a Committee report to the full Commission.

14 CHAIRMAN IMBRECHT: Okay, thank you. Is there  
15 anyone that wishes to comment? All right. Are there any  
16 other Committee reports, and then I will move on to my  
17 report on the Government Relations Committee. Any others  
18 to be heard?

19 Let me also run through the other items very  
20 quickly. Is there objection to adoption of the minutes?  
21 We have no minutes to adopt today.

22 Is there a General Counsel's report?

23 MR. CHAMBERLAIN: Mr. Chairman, I will need a  
24 brief closed session to discuss a litigation matter, but  
25 aside from that, I have no report.

1           CHAIRMAN IMBRECHT: All right, fine. Upon our  
2 recess for lunch, we'll hold that session. Executive  
3 Director's report?

4           EXECUTIVE DIRECTOR WARD: Continuing to bring you  
5 up to date on the hotline, it's my understanding the CCC  
6 has agreed to participating with us in the maintenance of  
7 the hotline. We will be interviewing, it's my understanding,  
8 next Thursday, candidates for the hotline, so we are going  
9 to get some selection there, and we are targeting the  
10 second week of January to have them formally on board in  
11 assisting us.

12           COMMISSIONER EDSON: Will there be an MOU that  
13 comes before the Commission?

14           EXECUTIVE DIRECTOR WARD: I think that's certainly  
15 up to the Commission. If you'd like us to bring a memorandum  
16 of understanding, a formal agreement, we can certainly do  
17 that.

18           COMMISSIONER SCHWEICKART: Yeah, again, let me  
19 just reiterate, Mr. Ward, that while not taking a position  
20 either for or against, and I would presume for the CCC  
21 arrangement, nevertheless, I have given my word, and I  
22 believe the Commission owes it to the public to provide an  
23 opportunity to discuss their concerns with the Commission  
24 before any final decision is made to go with the CCC  
25 arrangement.

1 EXECUTIVE DIRECTOR WARD: Okay, that's --

2 COMMISSIONER SCHWEICKART: And that's all I'm  
3 asking, all right, but I believe it is appropriate that we  
4 do notice and provide specific opportunity for people to  
5 address the Commission on the concerns that I know they  
6 have over this arrangement.

7 So I want to make that explicit. I thought I  
8 did last time, and so I have no problem with proceeding,  
9 but I think it's important that before a final commitment  
10 is made in any form, that that opportunity be afforded.

11 EXECUTIVE DIRECTOR WARD: All right.

12 COMMISSIONER EDSON: Perhaps we should place it  
13 on the agenda of the next business meeting.

14 EXECUTIVE DIRECTOR WARD: I think that's  
15 appropriate.

16 CHAIRMAN IMBRECHT: I think that's appropriate.  
17 Okay. I hope everyone has the book, I see it on proposed  
18 legislation, and if Ms. Stetson is here, if she'll come  
19 forward and assist me on this.

20 I gave you a brief summary at the last business  
21 meeting. You have a memorandum that prefaces the book on  
22 proposed legislation, it indicates which of the proposals  
23 by number and title that the Committee unanimously approved  
24 to recommend to the Commission for adoption as proposed  
25 legislation.

1 MS. STETSON: And you also should have received a  
2 new legislative briefing paper on each proposal that we're  
3 going forward with, each supported position. Those are  
4 listed on the first page of the agenda, they should be in  
5 your books on top of the old background information.

6 CHAIRMAN IMBRECHT: Okay. I will try to give you  
7 a brief summary of those that we proposed to support, and  
8 perhaps take a motion on that, and then try to answer  
9 questions on those that we proposed for additional study,  
10 and those which we did not support.

11 I might indicate as well that in each of these  
12 recommendations, both members of the Committee concurred.  
13 There was no dissent on any of the items.

14 The first is extension of the Petroleum Industry  
15 Information Reporting Act. I think that's fairly self-  
16 explanatory, and I think we all understand the necessity  
17 for it. We've also further directed staff to explore means  
18 by which that extension could -- or that legislation could  
19 subsequently be amended to reflect some additional regulatory  
20 reform, perhaps in the context of us consolidating  
21 reporting requirements for petroleum companies that exist  
22 with other state agencies as well.

23 But in its current form, it would be a simple  
24 extension, and obviously, in the event that there were a  
25 viable proposal, to take that a bit further, that would be

1 brought back to the Commission at that time.

2 Second, is to transfer our authority over  
3 insulation quality, which is basically health and safety  
4 issues, to the Department of Consumer Affairs. Again, I  
5 think that's fairly self-explanatory.

6 MS. STETSON: I'd like to add something to that.  
7 We checked with the Bureau of Home Furnishings in the  
8 Department of Consumer Affairs, and they indicated that  
9 they would support this legislation if they could charge  
10 fees for that. They felt they had the expertise to do it,  
11 and they had no problems with accepting the responsibility.  
12 They charge fees for every other type of testing they do  
13 currently.

14 CHAIRMAN IMBRECHT: Okay. Item seven, we propose  
15 the establishment of a revolving loan program for alternative  
16 and renewable energy programs, basically modeled after the  
17 biomass legislation of 1979, SB 771, which we believe has  
18 been quite successful and results in utilization of the  
19 same funds on a repeated basis, and to expand our penetration.

20 COMMISSIONER EDSON: Mr. Chairman, I have some  
21 questions about a couple of these, should I ask as you  
22 get to them, or when we're finished?

23 CHAIRMAN IMBRECHT: Yes, why don't we do it that  
24 way, I think that probably would be --

25 COMMISSIONER EDSON: On the revolving loan fund,

1 I think they're relatively small questions, I couldn't --

2 CHAIRMAN IMBRECHT: And maybe Ron, you might want  
3 to come forward on this.

4 COMMISSIONER EDSON: I couldn't tell from the  
5 write-up whether the proposal envisioned receiving funds  
6 -- contract dollars from the Legislature for this loan  
7 fund specifically, or whether we still expected to receive  
8 contract dollars for a specific contract activities, and  
9 that repayment would be expended, and criteria outlined in  
10 the write-up.

11 MR. KUKULKA: I think the concept is that we  
12 would not really put any funds initially in the revolving  
13 account. What we would use is the normal contract funds  
14 from the Commission where we leave -- we let a contract  
15 out of the normal budget process, we're allowed to let that  
16 contract to go out as a loan, and that money would flow  
17 back to the Commission in subsequent years.

18 COMMISSIONER EDSON: So the writing is really --  
19 the write-up addresses the respending.

20 MR. KUKULKA: That's correct. Currently, as I  
21 understand it, we are not allowed to provide loans. The  
22 money goes back to the general fund as opposed to allowing  
23 us to use the money again.

24 COMMISSIONER EDSON: Thank you.

25 CHAIRMAN IMBRECHT: Commissioner Commons?

1           COMMISSIONER COMMONS: Are there any differences  
2 between that proposal and the draft of the letter from the  
3 Commission to Senator Rosenthal on the RD&D revolving loan  
4 fund?

5           MS. STETSON: We go into more detail in this  
6 proposal than we do in the response to Senator Rosenthal,  
7 which you all have a copy of also. In the Senator  
8 Rosenthal response on the revolving loan fund, we say that  
9 the Commission proposes the establishment of a revolving  
10 loan fund authorizing the Commission to use contract funds  
11 for energy development projects more than once, but we  
12 don't go into specific types of projects, et cetera.

13           COMMISSIONER SCHWEICKART: Doesn't this implement  
14 that?

15           CHAIRMAN IMBRECHT: Yes. The response to Senator  
16 Rosenthal was generalized, and this is more refined.

17           MS. STETSON: Yes, more specific.

18           COMMISSIONER COMMONS: But the two are consistent?

19           MS. STETSON: Yes, they are consistent.

20           COMMISSIONER COMMONS: Okay.

21           CHAIRMAN IMBRECHT: One in the same.

22           COMMISSIONER COMMONS: Just wanted to make sure.

23           CHAIRMAN IMBRECHT: Okay. The next proposal is  
24 to extend SB 771. Again, I think they're fairly self-  
25 explanatory reasons, and rather than me going into a long

1 explanation, unless there are questions, I'll just move  
2 along.

3           Item 11 is again a project I think most of you  
4 are familiar with, and that is the fleet demonstration of  
5 methanol fueled transit buses. I think it's important to  
6 note that in the 1985 model year, absent action by the Air  
7 Resources Board, there will be no, as I understand it, no  
8 domestically manufactured heavy duty diesel engines that  
9 will be available for sale in California, and we will be  
10 somewhat in the anomalous position of depending upon foreign  
11 built engines for transit vehicles within our state.

12           The methanol engine dramatically responds to that  
13 in that it has a far superior emissions characteristics,  
14 also slightly greater power, et cetera. We are hopeful  
15 that this project can be accelerated, but even in the event  
16 that it is not accelerated, it's one that we still feel  
17 is quite important to go forward.

18           Basically, we're talking about a transit bus  
19 that emits no visible smoke as a diesel vehicle does.  
20 Commissioner Commons?

21           COMMISSIONER COMMONS: Yes, the Government  
22 Relations Committee either is in receipt of, or will be  
23 in receipt of a proposal from our office concerning,  
24 particularly in the South Coast Air Basin, the problem of  
25 diesel emissions, and having a long-term plan in terms of

1 the use of methanol.

2 I think the demonstration of the transit buses  
3 would fit very well into an overall concept and plan, but  
4 I'd like to ask that the Government Relations Committee  
5 take a look at, particularly in the diesel area where  
6 we're having real air pollution problems in the South Coast  
7 Air Basin, this Commission establishing an overall policy,  
8 and developing that policy in concert with the Air Resources  
9 Board in terms of this date moving forward in the diesel  
10 area.

11 CHAIRMAN IMBRECHT: I've been informally  
12 notified that the Air Resources Board, and its Chairman,  
13 supports this proposal and will be joining us in advocacy  
14 within the administration on it. I might -- I think you're  
15 probably referring as well to the article that was in the  
16 Los Angeles Times a little over a week ago, that I think  
17 enunciated pretty clearly what those problems are in  
18 Southern California.

19 I might mention as well, this contemplates again  
20 a public/private partnership between both the supplier,  
21 actually the financial commitment of the state is quite  
22 small relative to the total cost of the program. The bulk  
23 of the funds come from the Urban Mass Transit Administration  
24 in the Department of Transportation, from the Department of  
25 Energy, hopefully from the Environmental Protection Agency,

1 and from the Air Resources Board.

2 We are also soliciting private -- additional  
3 private sector investment in the program as well.

4 Commissioner Edson?

5 COMMISSIONER EDSON: How realistic is having  
6 buses for the 1984 Olympics?

7 CHAIRMAN IMBRECHT: Well, basically, it's much  
8 more realistic today than it was a little over a month  
9 ago. It is still going to be a hard push, but to answer  
10 the question as directly as I can, General Motors, 60 days  
11 ago, was basically saying no, it would be impossible. On  
12 November 29th, after a presentation that was made to them  
13 in Detroit, they took the issue to one of their senior  
14 policy planning groups and approved proceeding with it in  
15 response to our request that they consider that.

16 Certainly, the factor I mentioned earlier about  
17 the Air Resources standards that affect their '85 model  
18 which as they indicated to us, basically begins in August  
19 or September of 1984, is a factor that's of some importance  
20 to them. But you know, candidly, we are going to try very  
21 hard to get them here, we have to be, so we can give a  
22 commitment to them by mid-January at the outside.

23 They have a time frame of roughly four to five  
24 months to get the buses on to their assembly line, to get  
25 them delivered here for appropriate testing before the

1 Olympics would begin. But as I indicated, even in the  
2 event that we're not successful in achieving that, we still  
3 think that the benefits from the program are such to  
4 justify proceeding with it.

5 We're going to do our best to get them here by  
6 the Olympics, because we think that's an excellent  
7 opportunity to provide much greater impact for the general  
8 public.

9 MS. STETSON: And as I understand it, they need  
10 a commitment from the state as to whether there would be  
11 resources available to match their funds for them to go  
12 ahead, that's the other purpose for legislation, rather  
13 than going through a budget process which would take much  
14 more time. So we're going to try to expedite this once  
15 we get the commitments from all parties, as quickly as  
16 possible.

17 CHAIRMAN IMBRECHT: Yes. This is currently  
18 circulating within the administration as well, and as I  
19 indicated, Secretary Duffy indicated to me Monday evening,  
20 not in written form, but verbally, that he was going to  
21 support us on it.

22 Let's see. Next is the geothermal resource  
23 development account, again, to allow loans under a new  
24 revolving loan account. Luree, would you like to expand.

25 MS. STETSON: Yes. This merely states that

1 instead of giving grants, we will also be able to give loans  
2 under GRDA, and we may be able to put this under the other  
3 legislation we have, but we wanted you to look at it  
4 separately. Right now we provide grants, and we'd like to  
5 provide loans for those projects that actually generate  
6 revenues.

7 CHAIRMAN IMBRECHT: Next is the establishment of  
8 a small revolving loan fund for financial assistance to  
9 local governments, in principal, but also to some private  
10 sector developers for small hydro retrofit in existing  
11 manmade water facilities. As you know, the Commission has  
12 identified a substantial potential resource there that has  
13 very, very low payback, and basically results in us  
14 recapturing much of the energy currently expended to  
15 transport water within California.

16 Obviously, the problem facing local government  
17 with respect to any kind of infrastructure investment,  
18 however, is how to finance it. This is an attempt to try  
19 to respond to that concern.

20 The next is a reiteration in --

21 COMMISSIONER COMMONS: I have a question.

22 CHAIRMAN IMBRECHT: Excuse me. Commissioner  
23 Commons.

24 COMMISSIONER COMMONS: My understand is that most  
25 of the small hydro projects are cost-effective today. Has

1 anyone looked at why there is not sufficient resources in  
2 the private sector, or through third party financing, where  
3 there may be some tax savings if the private sector finances  
4 this, and why, or what the need is for public sector  
5 revenues?

6 CHAIRMAN IMBRECHT: Well, this would be a revolving  
7 loan fund. Part of the problem, from my best view of it is  
8 that even with all the efforts we've made to try to  
9 communicate with local government, much of local government  
10 remains relatively uninformed on the potential available  
11 to them within their own facilities.

12 To directly answer your question about third  
13 party financing, I don't have a response, but this was an  
14 effort to use a small amount of seed money to try to  
15 generate additional effort in this area. Leon?

16 MR. VANN: This is intended to leverage the local  
17 governments to develop these facilities in their water  
18 distribution system. For the most part, third parties have  
19 shown the greatest level of interest in much larger  
20 facilities. Most of these proposals will be below 300 kw  
21 in size, and the private currently have not shown the  
22 interest in that small a facility.

23 The transaction costs for developing the financing,  
24 so on and so forth, are significant, and that is the primary  
25 reason for the privates not showing interest at this time.

1 They've got plenty to do with larger facilities right now.

2 COMMISSIONER COMMONS: Well, what would be the  
3 typical cost of this type of project to a local government?

4 MR. VANN: It would be around \$300,000, I guess,  
5 at the 300 kw size, and floating bonds for that small an  
6 issue is somewhat difficult, and very costly.

7 COMMISSIONER COMMONS: Well a \$1 million revolving  
8 loan fund, then, would fund only three projects.

9 MR. VANN: At that size, but there are several,  
10 or many others that are much smaller in size, in the 50 kw,  
11 75 kw, 25 kw size range, and that will pick up considerably  
12 more projects. It is a revolving account, so by nature,  
13 as the funds are returned to the account, you then roll  
14 it over into other facilities.

15 So the number of facilities that you can fund is  
16 actually quite large.

17 COMMISSIONER COMMONS: Is there in this legislation  
18 any proposal that would require a leveraging of our funds  
19 with local government funds, so we would not be the sole  
20 party financing it?

21 MR. VANN: There is not a requirement in the  
22 legislation, but as with the other revolving accounts, we  
23 would select projects using that as one of the criteria  
24 in the selection.

25 COMMISSIONER COMMONS: Well, Mr. Chairman, I would

1 like to add into the posed -- into the proposed legislation  
2 that our loan not exceed 50 percent.

T.3  
3 CHAIRMAN IMBRECHT: Do you have a -- I think one  
4 of the problems obviously facing local government, in many  
5 instances they are dealing with national requirements, so  
6 they cannot come up with the capital to meet, so these  
7 programs, in a lot of instances, are undersubscribed as a  
8 consequence.

9 COMMISSIONER COMMONS: Well, I think it would  
10 accomplish two things. One is, it would double the number  
11 of projects right off the bat. Second, it would let us  
12 know that we're investing in projects where the local  
13 government, by having invested their own funds, is obviously  
14 interested, and clearly, a 50 percent loan is better than  
15 no loan at all.

16 With \$1 million, I think we're severely restricted,  
17 and I think with public funds so difficult to obtain, if  
18 this program is really needed, then we should have no  
19 problem getting way more than the number of applications  
20 with a 50 percent criteria.

21 COMMISSIONER EDSON: Mr. Chairman?

22 CHAIRMAN IMBRECHT: Yes, Commissioner Edson?

23 COMMISSIONER EDSON: I would note that the write-up  
24 already suggests that no more than 75 percent of the project  
25 be funded, and secondly, I think it unwise for us to suggest

1 constraints on the flexibility that we would have. I  
2 can conceive of circumstances where we might want to fund  
3 slightly more than 50 percent, and yet if it were made as  
4 part of the statute, we would not have that kind of  
5 flexibility.

6 CHAIRMAN IMBRECHT: I would basically agree with  
7 that, and I think the write-up also enunciates the capital  
8 constraint concerns that I also mentioned a moment ago,  
9 fairly clearly. So I'm going to suggest you probably do  
10 not have three votes for that change.

11 The last item that we propose at this point in  
12 time is to basically take the surplusage in the surcharge  
13 fund, the 2 mil surcharge tax, and use that to establish  
14 a research and development revolving loan fund. This is a --  
15 I'll get back to that -- this is a portion of a proposal  
16 suggested to us by Commissioner Commons.

17 We did not, at this point in time, adopt as well,  
18 the mechanism that he had suggested for allocation of those  
19 funds, namely, the 21 member advisory group that would make  
20 recommendations to the Commission. We are certainly not  
21 precluding that, and are open to further discussion on it,  
22 but we did feel that the basic concept was correct.

23 We know that many of the utilities in the state  
24 have expressed concern about funds that are a surcharge on  
25 energy bills being attacked for other purposes that are

1 less obviously related to reducing the cost to the  
2 ratepayer in the state, and in addition, have expressed  
3 concern about -- because of rate pressures, inadequate  
4 funding for research and development. This is an attempt  
5 to try to respond to some of those concerns.

6 I did neglect -- oh, excuse me, Commissioner  
7 Commons.

8 COMMISSIONER COMMONS: Concerning that, I want to  
9 thank the Government Relations Committee for supporting  
10 this. I think it leaves open the discussion of the  
11 implementation mechanism, and I think the input of the  
12 Governor in terms of how this should be best implemented,  
13 that the bill obviously will not go forward until that has  
14 been arrived at, and that my personal position is, in terms  
15 of taking a review of projects that have been funded by  
16 government agencies, particularly in the field of R&D at  
17 the national level, that it is most efficient when there  
18 is a task force that has strong representation from the  
19 people in the R&D industry, and that have that knowledge,  
20 and that that participation brings about the best projects.

21 The success of this type of program really is  
22 based on how much we can leverage projects, and bring  
23 every -- the utilities, the Department of Energy,  
24 engineering firms in the state into joint programs with the  
25 CEC, whereby we would be essentially providing the seed

1 money, or a small portion of the cost, and I recognize the  
2 implementation question is one that is going to take some  
3 thoughtful consideration by the administration.

4 CHAIRMAN IMBRECHT: Okay, fine. Thank you. I  
5 did neglect to mention, in addition, we also suggest taking  
6 another effort at what was last year's SB 5, which basically  
7 would provide an optional authority for the Commission to  
8 deal with 1 to 15 megawatt plant sitings, basically to  
9 allow applicants the option of utilizing the time certain  
10 siting process here at the Commission, as opposed to dealing  
11 with a variety of local permitting authorities.

12 I think to some extent that was a misunderstood  
13 issue in some quarters, and I'd like to take another shot  
14 at trying to persuade on that.

15 COMMISSIONER EDSON: Do we have any reason to  
16 think the Governor would not again veto it?

17 CHAIRMAN IMBRECHT: I have had some informal  
18 discussions, not with the Governor himself, but also with  
19 -- but with other members of the administration, and I think  
20 they have a better perspective now. There were some other  
21 factors that were involved in that decision that I don't  
22 think would be appropriate for me to go into right now.

23 COMMISSIONER EDSON: Are there any changes  
24 contemplated in the legislation?

25 CHAIRMAN IMBRECHT: No, not at this point in time.

1 So, I will move as Presiding Member of the Government  
2 Relations Committee, that we adopt those nine items as  
3 our initial legislative package for 1984. Is there a  
4 second? Seconded by Commissioner Commons.

5 COMMISSIONER SCHWEICKART: Mr. Chairman?

6 CHAIRMAN IMBRECHT: Yes?

7 COMMISSIONER SCHWEICKART: I'd like to understand  
8 exactly what it is we're adopting here. I presume we're  
9 adopting an intention to go forward with these nine items.

10 CHAIRMAN IMBRECHT: That's correct.

11 COMMISSIONER SCHWEICKART: Rather than any  
12 specific language contained in the write-ups here, that is  
13 the -- I presume that we will, in fact, review specific  
14 legislative language.

15 CHAIRMAN IMBRECHT: Oh, absolutely. This would  
16 give authorization to the Office of Governmental Affairs  
17 to solicit offers to preliminary drafts handled by the  
18 Legislative Council's Office, and so forth.

19 COMMISSIONER SCHWEICKART: All right, fine. It's  
20 often between here and the actual pen on paper that one  
21 finds real differences.

22 CHAIRMAN IMBRECHT: Understood. Is there  
23 objection to adoption of the motion? Hearing none, that  
24 will be the order.

25 COMMISSIONER EDSON: I do have one other question.

1           CHAIRMAN IMBRECHT: Yes, Commissioner Edson?

2           COMMISSIONER EDSON: A bill load of nine is  
3 fairly extraordinary. I think you find most -- very high  
4 paid lobbyists with ample staff, I'm willing to move forward  
5 with this number of bills for the client. I'm curious  
6 how our rather meager Office of Governmental Affairs is  
7 going to be able to handle this workload?

8           MS. STETSON: Well, this is something that I'm  
9 going to be discussing with the Chairman, but I don't think  
10 all of these proposals have to be in separate legislation.  
11 I think we can combine a couple of them, and several of  
12 them are noncontroversial, and if we select fairly  
13 competent authors, I hope not to do much work.

14          CHAIRMAN IMBRECHT: So we're going to make a real  
15 effort to try to pick our jockeys well.

16          MS. STETSON: Even though it does take a lot of  
17 leg work to explain to the Committee members, and so forth,  
18 I'm more concerned about the more controversial measures  
19 that we may going forward with at a later date, but I think  
20 that -- if we do.

21          COMMISSIONER COMMONS: We won't ask you which  
22 ones those are.

23          MS. STETSON: I think that these are fairly  
24 straightforward, there's a lot of support, we think, from  
25 them -- for them from some of our constituencies that we've

1 built up over the last several years, and they're pretty  
2 straightforward.

3           Some of these, I'm hoping too, to see if we can  
4 put in the trailer bill, if there is one this year. I  
5 hear rumors that there may not be one.

6           CHAIRMAN IMBRECHT: Okay, now, secondly, we've  
7 got the items which the Committee did --

8           COMMISSIONER COMMONS: I don't think we did the  
9 official vote.

10          CHAIRMAN IMBRECHT: Yes, I said without objection,  
11 the motion is adopted, so --

12          COMMISSIONER COMMONS: Okay. I just wanted to  
13 make sure it's on the record.

14          CHAIRMAN IMBRECHT: Secondly, let me just ask,  
15 are there any questions relative to the items which the  
16 Committee recommends for its approval, rather than me taking  
17 time to go through each of them?

18          COMMISSIONER COMMONS: Yes.

19          CHAIRMAN IMBRECHT: All right, Commissioner  
20 Commons?

21          COMMISSIONER COMMONS: I'd like to ask on numbers  
22 3, 9, and I have a comment on 21, and I'd like to ask on 24.

23          CHAIRMAN IMBRECHT: I was going to get to the  
24 additional information needed in just a moment. First, let  
25 me take the items under Roman Numeral II, 3 and 9 you

1 asked about?

2 COMMISSIONER COMMONS: I have a comment on 9  
3 and would like --

4 CHAIRMAN IMBRECHT: That's fine.

5 COMMISSIONER COMMONS: -- the reasoning from the  
6 Committee on number 3.

7 CHAIRMAN IMBRECHT: Well, number 3, both  
8 Commissioner Gandara and I continue to feel that there is  
9 justification for us to review local energy ordinances  
10 to ensure some statewide compatibility. I recognize that  
11 there is some difference of opinion within the Commission  
12 on that, but I think that we discussed this in some depth  
13 when we considered an individual instance earlier this year,  
14 and had an opportunity to understand, I think fairly  
15 clearly, the positions of each of the Commissioners on the  
16 issue.

17 We discerned that to be the majority position,  
18 and it happened to coincide with both of our positions on  
19 the issue, that's why it's on the disapproval list, and I  
20 was frankly expecting Commissioner Schweickart if anyone,  
21 to raise the concern about that.

22 COMMISSIONER COMMONS: Well, I wasn't contacted,  
23 I just -- I guess I'm concerned -- well, I just wanted to  
24 know what the reasoning was. I don't --

25 CHAIRMAN IMBRECHT: Okay.

1           COMMISSIONER COMMONS: On number 9, are we not --  
2 isn't there existing legislation now where for gasohol,  
3 we're providing not tax credits, but there is not the  
4 sales tax required on gasohol vehicles, but if you were  
5 to purchase methanol, that you do have to pay a sales tax?

6           MS. STETSON: There's a tax credit for --

7           COMMISSIONER EDSON: It's a fuel tax.

8           CHAIRMAN IMBRECHT: It's a fuel tax. We have the  
9 same break on methanol, because methanol is today equated  
10 with gasoline in terms of Btu content for sales tax purposes.  
11 The problem is at the federal level, not here at the state  
12 level, I believe that's correct, is it not, Mr. Kukulka?

13           COMMISSIONER COMMONS: Is there a fuels tax on  
14 methanol in this state when it's used to replace gasoline?

15           MS. STETSON: I believe there is.

16           MR. KUKULKA: Methanol is currently taxed at the  
17 same rate per Btu as gasoline is. I mean, that was the  
18 change in law. Methanol has half the energy content,  
19 rather than tax it by gallon, which is the way the tax  
20 normally operates, it's currently taxed, sales tax based  
21 on the Btu basis.

22           COMMISSIONER COMMONS: I guess I would like to  
23 ask that the Governmental Affairs Committee look at is,  
24 I believe this Commission has come to the conclusion that  
25 methanol is more efficient in the long-run in this state

1 as an oil displacement, than either alcohol or gasohol, and  
2 yet we have -- we are now providing funds in terms of the  
3 fuel tax surcharge on gasohol, but the same doesn't exist  
4 for methanol.

5 What we should either do is add methanol, or if  
6 we wanted to pay for the methanol costs, eliminate the  
7 gasohol, which is no longer part of this Commission's policy,  
8 and I'd like to ask that the Government Relations Committee  
9 take a look at that.

10 CHAIRMAN IMBRECHT: We'll look at that. I'm not  
11 sure that I -- if that's a completely accurate explanation  
12 of what the current state of the law is. I think you're  
13 referring to Senator Boatwright's program, is that correct?

14 COMMISSIONER COMMONS: I'm not sure which program,  
15 I just -- I'm concerned, I want to make sure that existing  
16 legislation in terms of fuel taxes is in line with this  
17 Commission's change in priorities in terms of methanol.

18 CHAIRMAN IMBRECHT: We'll certainly review that,  
19 that question. If you'd make a note of that please, Ms.  
20 Stetson.

21 COMMISSIONER SCHWEICKART: Luree, is there not  
22 also in effect a tax credit of some kind for conversion of  
23 vehicles?

24 MS. STETSON: Right, there is.

25 COMMISSIONER SCHWEICKART: And is that restricted

1 to ethanol, or does it include any alcohol?

2 MS. STETSON: I think it's anything.

3 MR. KUKULKA: The tax credit on the vehicles is  
4 on the conversion cost, and it deals with retrofit only.  
5 It doesn't matter whether it's methanol retrofit, or an  
6 ethanol retrofit.

7 COMMISSIONER SCHWEICKART: Okay, so we don't have  
8 a bias there.

9 MR. KUKULKA: No. The only bias --

10 COMMISSIONER SCHWEICKART: With the Chairman's  
11 permission, I'd like to essentially broaden the task, just  
12 simply looking at where there may be any differentials --

13 CHAIRMAN IMBRECHT: That's fair.

14 COMMISSIONER SCHWEICKART: -- the way in which  
15 the fuels are treated.

16 CHAIRMAN IMBRECHT: That's a good suggestion,  
17 we'll certainly do so. You want further information on it.  
18 Basically we thought that the climate to pursue additional  
19 general fund expenditures for tax credits was not ripe at  
20 this point in time.

21 COMMISSIONER COMMONS: Yeah, but my question was  
22 strictly on the methanol issue.

23 CHAIRMAN IMBRECHT: Okay. Any other questions on  
24 the items we recommend for disapproval? Okay. And then on  
25 the items that we have solicited additional information from

1 staff, as well as -- I should say that certainly the last  
2 item is more in the context of soliciting additional  
3 information from the administration, I think is the best  
4 way to put it. There is obviously no reason to go forward  
5 with a battle on that issue, unless there is some suggestion  
6 that we'll have support on it.

7 MS. STETSON: And we have some information on  
8 that. We'll be discussing it at tomorrow's Government  
9 Relations meeting, on the last item that you mentioned.

10 CHAIRMAN IMBRECHT: Fine, okay. Commissioner  
11 Commons?

12 COMMISSIONER COMMONS: On number 21, I -- this  
13 concerns the various reports of the Commission, and my  
14 understanding is that the -- we're looking at a broader  
15 perspective in the way that this reads in our write-up,  
16 and it's to include the coordination of all the various  
17 reports, vis-a-vis the legislature, including consideration--

18 CHAIRMAN IMBRECHT: That is --

19 MS. STETSON: Right. We did not do any new  
20 write-ups on any of the proposals, other than those that  
21 we are supporting going forward with. So you have an  
22 old write-up for number 21, but we are going to be --  
23 Executive Office, as I understand it, is going to be  
24 coordinating that.

25 COMMISSIONER COMMONS: But my concern is that this

1 include, where I feel we have a real deficiency as a  
2 conservation report.

3 MS. STETSON: That was included in the Government  
4 Relations recommendation.

5 CHAIRMAN IMBRECHT: Yes.

6 COMMISSIONER COMMONS: All right. So that will  
7 come back to the Government Relations Committee tomorrow,  
8 or the next group.

9 CHAIRMAN IMBRECHT: And back to the Commission  
10 as a whole.

11 I neglected to mention one other item as well.  
12 Commissioner Gandara asked me yesterday to indicate his  
13 belief, and I haven't reviewed it carefully, that the  
14 write-up on the extension of 771 also should include  
15 reference to solid waste --

16 MS. STETSON: Solid waste, it does.

17 CHAIRMAN IMBRECHT: -- energy projects, yes.

18 MS. STETSON: That will be added to that program.

19 COMMISSIONER EDSON: Can you describe what  
20 additional information is being developed for the store?  
21 You've mentioned 21 and 24, those two, 19.

22 CHAIRMAN IMBRECHT: Let me look over my notes here.

23 MS. STETSON: On 19 and 21, what the Government  
24 Relations Committee was told was that a task force had been  
25 agreed to by Executive Office and advisors in a meeting.

1 When I checked with the Executive Office, they felt that  
2 they could handle all of the reports and due dates,  
3 et cetera, more expeditiously through their office with a  
4 point person rather than a task force.

5 So I believe that the divisions will be putting  
6 together specific information as to what reports they  
7 currently submit, or have to submit by statute, what  
8 reports are required as backup to the Biennial Report, and  
9 submit that to the Executive Office. That would then go  
10 back to the GR Committee for review, and to the other  
11 Commissioners for review.

12 CHAIRMAN IMBRECHT: Let me add to that. On Item  
13 Number 2, we received some mixed responses from members of  
14 the utility community as to the desirability of that.  
15 There are some members of the utility community that believe  
16 that that would be appropriate, and others that do not,  
17 and so we are basically trying to broaden our knowledge  
18 of how people might respond to that suggestion.

19 Okay. Any further questions? That concludes  
20 the Government Relations Committee Report. Commissioner  
21 Commons?

22 COMMISSIONER COMMONS: Let's see, we do have the  
23 two letters to Senator Rosenthal.

24 COMMISSIONER SCHWEICKART: Before we go into those,  
25 just -- and without in any way wanting to debate, I would

1 just like to state that although in many cases, I think all  
2 of us should consider the position of the administration  
3 on matters of this kind, I would certainly not suggest,  
4 even were I today's chairman, that that become a go/no go  
5 on whether or not the Commission support moving forward  
6 with certain matters of legislation.

7 I think it should definitely be considered, and  
8 I certainly would --

9 CHAIRMAN IMBRECHT: It's really being considered  
10 in that context, and I might say as well, in the context  
11 of the staff resources that would be required to pursue  
12 such an effort, in the event that we understood --

13 COMMISSIONER SCHWEICKART: All I'm suggesting is  
14 that even in the case of the previous Governor, and the  
15 previous Chairman, we from time to time went forward with  
16 legislation which did not receive approval from the  
17 administration.

18 CHAIRMAN IMBRECHT: I understand. Sometimes --  
19 Okay. Commissioner Commons, I believe.

20 COMMISSIONER COMMONS: Well, the letter, the  
21 report of the Government Relations report.

22 CHAIRMAN IMBRECHT: Well, basically, the letters  
23 are before you and we recommend that they be approved as  
24 drafted, I believe.

25 MS. STETSON: I'd like to add one thing.

1           CHAIRMAN IMBRECHT: Certainly.

2           MS. STETSON: What we have done here is made a  
3 response to two questions that were asked of Commissioner  
4 Commons from Senator Rosenthal, at the November 1st hearing  
5 on alternative energy financing. As you recall, Commissioner  
6 Commons testified on behalf of the Commission on the R&D  
7 portion.

8           We have -- at the last hearing, Commissioner  
9 Commons asked that we check with the PUC to see what their  
10 position would be on the second question, which was our  
11 recommendation of setting up a coordinating council, and  
12 in discussions which I believe Commissioner Commons'  
13 adviser had with Bill Ahern, the only comment that Bill  
14 Ahern had at a staff level, was that there should be some  
15 recognition of the PUC's activity, and activity in setting  
16 up a symposium of utilities, the R&D symposium is what the  
17 PUC calls it, in which the utilities are required to meet  
18 once a year and exchange information on their R&D programs.

19           We have added that to our response to Senator  
20 Rosenthal, basically stating what the PUC's activities have  
21 been, and then go on to suggest that a coordinating council  
22 should be established to include additional people and also  
23 report back to the PUC and to the Energy Commission.

24           Mr. Foley may have some other comments on that.  
25 At this time, that's basically all we have done. We could

1 not state that the PUC agreed with our recommendation,  
2 but would like to work with them on this.

3 MR. FOLEY: I have no comments. Your response  
4 is recommending that a coordinating council be created?

5 MS. STETSON: That's what our response is to  
6 Senator Rosenthal.

7 CHAIRMAN IMBRECHT: Yes. That's -- that is  
8 correct.

9 MR. FOLEY: Well, that's fine.

10 CHAIRMAN IMBRECHT: Okay, is that an official --  
11 (Laughter)

12 CHAIRMAN IMBRECHT: The PUC has spoken.

13 MR. FOLEY: I can't speak to what the PUC position  
14 will be on the legislation once it's drafted.

15 CHAIRMAN IMBRECHT: I understand. Commissioner  
16 Commons?

17 COMMISSIONER COMMONS: Mr. Chairman, the  
18 introductory letter, the Senator did ask that it come from  
19 the Commission, so the draft letter would state that, you  
20 know, that on behalf of the --

21 CHAIRMAN IMBRECHT: This represents the Commission.

22 COMMISSIONER COMMONS: -- on behalf of the  
23 Commission I'm responding to your --

24 CHAIRMAN IMBRECHT: I understand that. So, let  
25 me just ask, is there objection to the content of the

1 content of the letter? Hearing none, that will be --  
2 assumed to mean that Commissioner Commons will speak on  
3 behalf of the Commission.

4 Okay. We're going to recess until 1:30. I  
5 believe we have no other items, other than the --

6 COMMISSIONER SCHWEICKART: Can we finish up the  
7 other --

8 CHAIRMAN IMBRECHT: What is left?

9 COMMISSIONER SCHWEICKART: Well, the Executive  
10 Director and the General Counsel may not wait until 8:00  
11 tonight.

12 CHAIRMAN IMBRECHT: The Executive Director did  
13 not have -- if you wait just a moment, they have already  
14 been called up, and did not have any further report. The  
15 General Counsel asked for a brief executive session, and  
16 I was going to suggest that we recess right now into that  
17 executive session.

18 Fine. Recess until 1:30, executive session  
19 immediately.

20 (Thereupon the morning session of the business  
21 meeting of the California Energy Resources Conservation  
22 and Development Commission was recessed for lunch at 12:10.)

23 --o0o--  
24  
25

AFTERNOON SESSION

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3 CHAIRMAN IMBRECHT: Okay. We'll reconvene the  
4 meeting.

5 (Agenda Item No. 4, Under Separate Cover.)

6 CHAIRMAN IMBRECHT: Before I adjourn, and I'm  
7 going to do it like this, (crossing fingers), is there any  
8 member of the public that wishes to address the Commission  
9 on any other matters before the Commission? Hearing none --

10 COMMISSIONER SCHWEICKART: Mr. Chairman, let me  
11 just -- in addition to people I've mentioned earlier, thank  
12 all of the staff members, including our General Counsel's  
13 Office, headed by Dick, Bruce Maeda, Mickey Horn, others  
14 who took part that I didn't mention earlier this morning,  
15 Fred Berryman on the lighting, et cetera, I think it's  
16 been a monumental effort.

17 CHAIRMAN IMBRECHT: No question. Let's I think  
18 we'll say to Ted and all the people in the Conservation  
19 Division that have labored long and hard, thank you very  
20 much.

21 The meeting is adjourned.

22 (Thereupon the business meeting of the California  
23 Energy Resources Conservation and Development Commission  
24 was adjourned at 8:40 p.m.)

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