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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION
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BUSINESS MEETING

1516 NINTH STREET
1st FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 23, 1983

10:35 O'CLOCK A.M.

Reported by: Amber Whitsett

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COMMISSIONERS PRESENT

- Charles R. Imbrecht, Chairman
- Arturo Gandara, Vice Chairman
- Russell Schweickart, Commissioner
- Karen K. Edson, Commissioner
- Geoffrey D. Commons, Commissioner

STAFF PRESENT

- John Geesman, Executive Director
- Gregg Wheatland
- Mark Urban
- Karen Griffin
- Susan Brown
- Eugene Mallette
- Valerie Hall
- Carol Chesbrough
- Luree Stetson
- Sarah Michael
- Steve Williams
- David Mundstock
- Norman Wilson
- Karen Mathies, Secretary

PUBLIC UTILITIES COMMISSION

- Bill Foley, Ex Officio

PUBLIC ADVISER'S OFFICE

- Ernesto Perez

PUBLIC ADVISER'S OFFICE

Gary Heath

ALSO PRESENT

Maria Castro, Community Resource Project, Inc.

Dina Hunter, Southern California Edison

Walt Auburn, California Conservation Corps

Rudolph C. Aros, Western Center on Law & Poverty

Dennis Sykes, Director of the California Energy Extension
Service

Robert Testa, Pacific Gas and Electric Company

Phil Vermeulen, SMACNA

Steve Goldman, ABAG

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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: Good morning. I'll call the
4 meeting to order. Let's see -- Commissioner Commons?
5 Maybe we best wait for just a moment. Excuse me, you may
6 return to your conversations.

7 COMMISSIONER SCHWEICKART: Close the record.
8 (Off the record.)

9 CHAIRMAN IMBRECHT: I'll just announce that Item
10 No. 3 on the agenda, that we will hold until just before the
11 public comments since that is basically a briefing of the
12 Commission and does not require action by the Commission
13 today.

14 Well, I think we will go ahead and proceed, and
15 hope that Commissioner Commons will be back shortly.

16 The first item on the agenda is consideration and
17 possible adoption of an order granting a petition by
18 Conservation Technologies instituting a rulemaking proceeding.
19 We'll ask first for a presentation from staff on that.

20 MR. WHEATLAND: Commissioner, I understand that
21 the Public Adviser's Office has prepared this petition on
22 behalf of CTI, and Gary Heath will briefly introduce the
23 item.

24 CHAIRMAN IMBRECHT: Fine.

25 MR. HEATH: Thank you, Mr. Chairman.

1 CTI, better known as Conservation Technologies,
2 Incorporated, approached my office to prepare this petition
3 that is before you today. Basically, CTI wants to sell
4 their heat pumps in California, and unfortunately, the
5 design of their heat pump does not utilize an air flow fan.

6 As such, it is impossible for CTI to test their
7 product and therefore be certified by the Energy Commission.
8 CTI is asking that a rulemaking proceeding be undertaken in
9 which to develop a testing procedure for their kind of heat
10 pump.

11 And that -- I don't believe I need to go into any
12 additional detail of the petition. It's all before you, as
13 well as a staff issue memo on the petition.

14 CHAIRMAN IMBRECHT: I notice the staff is
15 recommending adoption. Is there anyone in the audience that
16 wishes to offer testimony on this matter?

17 Any opposition? Is there objection to adoption of
18 the petition? Yes, Commissioner Schweickart?

19 COMMISSIONER SCHWEICKART: Yes. I had a question,
20 and perhaps the technical staff are most appropriate to
21 respond. My question was whether -- well, there are
22 actually two questions.

23 The first one, which controls is, is this a class
24 of device, of appliance which, in fact, represents a
25 sizeable class, or is this a unique product?

1 MR. WHEATLAND: My understanding is that this is
2 a fairly unique product, that it may not be a class of
3 appliance that the Commission would find uses a significant
4 amount of energy on a statewide basis, but that's one of the
5 items that we would have to explore further in the rulemaking
6 proceeding.

7 COMMISSIONER SCHWEICKART: Well, the second
8 question then, is, in the instance of a unique product, does
9 the Commission have an option other than to either waive or
10 adopt uniform regulations for a class of one?

11 MR. WHEATLAND: Well, the options that the
12 Commission has are either to exempt this product from the
13 definition of appliance that is required to meet the
14 standard, or in the alternative, to adopt a test procedure
15 for it. But even if there was only one manufacturer that
16 made a particular product, the Commission would still have
17 the authority to adopt a standard for that particular
18 product.

19 COMMISSIONER SCHWEICKART: All right. You're
20 saying that essentially there is no ability for the
21 Commission to waive or establish a -- absent a full
22 proceeding, a particular performance level for this particular
23 product.

24 MR. WHEATLAND: That's correct. Under the current
25 appliance efficiency regulations, there is not a process by

1 which the Commission could waive the applicability of a
2 standard to a particular product, other than going through a
3 rulemaking.

4 COMMISSIONER SCHWEICKART: Do we have knowledge of
5 the whole plethora of these things lurking in the trees as
6 unique products that can't, in fact, be covered by a
7 uniform test procedure?

8 MR. WHEATLAND: This is the only one that's come
9 to the attention of our office.

10 COMMISSIONER SCHWEICKART: All right, thank you.
11 I guess with that, I'm prepared, of necessity to go with the
12 petition.

13 CHAIRMAN IMBRECHT: All right, fine. Is there
14 objection to the unanimous roll call adopting the petition?
15 Hearing none, that will be the order.

16 Item 2 is consideration of recommendations on
17 California's share of federal oil overcharge settlements.
18 Commissioner Edson, I believe is prepared to make a
19 presentation.

20 COMMISSIONER EDSON: You have in your agenda
21 package a draft of Committee recommendations for allocation
22 of oil overcharge funds. The draft was prepared in order to
23 meet the agenda preparation deadline prior to having, really
24 all of the information in that the Committee needed in order
25 to arrive at final recommendations.

1 I've distributed today, and I think the secretary
2 has copies at the table, a list of revised recommendations.
3 The back of that list provides a very brief explanation of
4 how this recommendation differs from what is in the agenda
5 package. So, if I can direct you to the summary page in the
6 agenda package, and then direct you to the new summary page,
7 I will walk you very briefly through the changes.

8 This has the figure right there. For those of you
9 out there, it looks like this.

10 COMMISSIONER SCHWEICKART: For those of you out
11 there with good eyesight.

12 COMMISSIONER EDSON: Titled, "Summary of
13 Committee Recommendations." There are really three
14 differences between what was in the agenda package, and
15 what the Committee is now recommending. First of all, we
16 previously had recommended augmentation of two existing
17 state conservation loan programs.

18 The Committee has now recommended that that money
19 not be allocated to those loan programs, and instead, be
20 directed into the Federal Schools and Hospitals Grant
21 Program for two reasons.

22 One, the Committee had the misimpression that a
23 fiscal year '82-'83 shortage of loan funds would continue
24 into the '83-'84 fiscal year. We've since been informed
25 that the state will receive nearly \$4 million in repayments

1 under that loan program, which will provide money to match
2 additional federal grant funds.

3 In addition, some changes in the federal
4 regulations governing the use of SECP funds have not been
5 enacted, and we've revised the recommendations so that they
6 reflect the current status of those regulations. Under the
7 current regulations, money from -- under the SECP category
8 cannot be used to purchase, or as we understand it,
9 subsidize conservation measures themselves. So, that's the
10 second reason that we have moved money from the state loan
11 programs into the federal grant program.

12 The second difference is that what is called
13 "Local Innovation" in the agenda package has been simply
14 retitled, "Local Public Private Partnership". It's a third
15 party financing proposal that provides essentially
16 technical assistance to local governments so that they can
17 package their alternative energy projects in order to
18 attract third party, private sector capital to finance the
19 development of those technologies.

20 This recommendation has been augmented in response
21 to some suggestions from the Development Division of the
22 Commission and the California League of Cities in order to
23 expand it to include technical and engineering assistance.
24 This would be a loan program that would be repaid in the
25 event the projects move forward.

1 The last change from the materials in the agenda
2 package is an adjustment within the transportation category.
3 We have recommended lowering the school bus routing
4 component and increasing the traffic signal timing component
5 primarily because we have a running track record on the
6 traffic signal timing program as a very high cost/benefit
7 ratio.

8 The Committee agreed that we should, rather than
9 go with the 1.75 funding level, increase the level for the
10 traffic signal timing program where we had more experience,
11 and also knew the level of demand.

12 As you look at the summary, you'll note that the
13 recommendations, I believe, total approximately \$12.5
14 million. There's \$18.9 million available in federal funding.
15 The Committee does not recommend a level of funding for the
16 remaining categories of activity that are eligible, except
17 to point out that in the weatherization category, we think
18 the greatest need is in the rental sector.

19 It's clear -- it has been clear to us as we try
20 to target these programs into areas where there is a direct
21 payback benefit to low income of the state, to local
22 governments, or the general consumers, which those were
23 actually the major criteria we applied in arriving at
24 recommendations within our own programs.

25 It is very difficult to reach that rental sector

1 market. Existing utility programs, existing incentives,
2 existing government programs have a very hard time achieving
3 energy conservation in the low income rental sector. Our
4 recommendation in the weatherization category is that the
5 money be targeted to that sector.

6 We have had some preliminary conversations with
7 the Department of Housing and Community Development, and
8 others, to explore the possibility of tying funding from oil
9 overcharge revenues to existing housing programs in the
10 state so that we can achieve more conservation in that area,
11 and it does appear to be potential, although the Committee
12 doesn't have enough information or expertise to suggest a
13 specific funding level there.

14 And lastly, for Energy Extension Service, we were
15 familiar enough with their programs to note they have a
16 number of activities that are quite desirable and attractive
17 and can meet the criteria that the Committee set out for
18 its own programs and as a recommendation, the criteria that
19 we recommend the Legislature use in allocating the funds,
20 but we are not familiar enough with the specifics of those
21 programs to recommend a specific funding level.

22 So, you have before you on this summary sheet, a
23 -- the list of the Loan Committee's recommendations. I
24 think we may have people here who would like to comment.
25 My final -- my recommendation to the Commission would be

1 that we arrive at some agreement today, and that we
2 transmit these recommendations to the Legislature in
3 correspondence that the Committee is happy to prepare for
4 the Chairman's signature, or whoever should transmit the
5 recommendations.

6 CHAIRMAN IMBRECHT: And I see your total
7 recommendation is \$12.5 million --

8 COMMISSION EDSON: Yes.

9 CHAIRMAN IMBRECHT: -- of the available --

10 COMMISSION EDSON: \$18.9.

11 CHAIRMAN IMBRECHT: -- \$18.9 -- I thought it was
12 6, okay.

13 Yes, Commissioner Gandara.

14 COMMISSIONER GANDARA: I have a question for
15 Commissioner Edson. I get a little bit confused by all
16 these rules, and what's allowed, and what the rules criteria
17 happen to be for this, and I guess -- I have a question in
18 the rental sector conservation program.

19 In the materials provided to us, you indicate on
20 the first page that none of the funds can be used to
21 subsidize utility demonstrations, and the description of
22 the rental sector conservation program says the private
23 program would demonstrate alternative ways of promoting
24 retrofits of low income housing through partnerships between
25 utilities, private or public energy service companies, and

1 municipal governments.

2 Is there any -- what's the distinction, then,
3 between this kind of demonstration with these utility
4 programs and the first statement about a prohibition on
5 that?

6 COMMISSIONER EDSON: If you notice a certain
7 panic, I'm searching desperately for --

8 MS. GRIFFIN: I know the answer.

9 COMMISSIONER EDSON: Okay. The rules and
10 regulations applying to these programs have been difficult
11 for the Committee to comprehend as well.

12 MS. GRIFFIN: My name is Karen Griffin and I've
13 been conducting the negotiations with DOE on what rules
14 apply and how may we interpret the SECP rules. The current
15 rules specifically state, "a prohibited expenditure is for
16 subsidies of utility rate demonstrations".

17 When we have discussed with DOE whether they would
18 consider a weatherization program for low income housing,
19 would they consider that a rate demonstration, they said,
20 no, that is not in their definition of rate demonstrations.
21 So that they would consider it an eligible expenditure.

22 COMMISSIONER GANDARA: Okay. Thank you.

23 CHAIRMAN IMBRECHT: Other questions from the
24 Commission? You have some people that would like to
25 testify. I call first, Maria Castro, Director of the

1 Community Resource Project, Incorporated.

2 MS. CASTRO: Do I come up there?

3 CHAIRMAN IMBRECHT: Yes, please. Have a seat at
4 the table if you would please.

5 MS. CASTRO: Good morning. My name is Maria
6 Castro and I'm the -- can you hear me?

7 CHAIRMAN IMBRECHT: Yes.

8 MS. CASTRO: My name is Maria Castro, I'm the
9 Director of Community Resource Project, Incorporated here
10 in Sacramento. We are a private nonprofit agency established
11 since 1972 in Sacramento to serve the city and the county.
12 We've been doing employment and training for many years and
13 alternative energy and solar energy training, and
14 weatherization for the last five years, as well as our
15 ongoing training programs.

16 Our programs are all geared towards the low
17 income, disadvantaged people. We want to express our
18 support for the recommendation that funds be allocated for
19 direct weatherization purposes, and we do support the
20 Committee's recommendation.

21 Since our involvement in weatherization has been
22 so extensive over the years, and the low income people are
23 our significant segment, we have a lot of experience and
24 knowledge in what we talk to you about today.

25 The renters -- we do serve renters and homeowners,

1 or home buyers, depending on which program we're operating
2 at the time. We do see a void, though, for the renter
3 segment because through our state funding, when we do go
4 out and weatherize, or assess a home for free weatherization
5 services, we have to normally assess 60 percent of the
6 renters eligible under the program.

7 These criteria make it quite difficult to be
8 able to do an extensive job on multi-family rental units,
9 so what we usually do is, predominantly we will go with a
10 single dwelling unit, and if they qualify, or a duplex,
11 well then, that's much simpler to do.

12 However, the larger units, it's very difficult to
13 do that kind of a job given the funds that we have and the
14 time, and the personnel to do that kind of assessment.

15 Since we do operate in Sacramento, the Sacramento
16 City downtown area is where I'm referring to right now,
17 that is the area that we currently have been serving for
18 many years, as well as larger portions of the county and
19 the city. But in the city itself, I'm sure as in other
20 areas of the state, we have about 80 percent, I would say,
21 at least 80 percent, if not higher, renters in that
22 community.

23 Whereas, we have done a lot of rental areas, it's
24 usually been like I said, houses or duplexes, but there are
25 many areas of poor people living in these multi-rental units,

1 and those are the area that I can see very much that this
2 program could assist in our central city, as well as other
3 parts of the state.

4 So we first -- finally, I would like to say, to
5 once again express our support for this recommendation.
6 However, I would like to see a dollar figure. There is --
7 the only area -- one of the two areas that there was no
8 figure targeted for this particular purpose, and I see it
9 as one of the most viable and realistic areas that we can
10 get into, and I would like to see a substantial amount of
11 funds put in this area because I think that you have
12 programs out there that can work the program for you quite
13 well.

14 Also, consider too that the criteria for
15 selecting these rental people, that we're not tied in too
16 hard, to where it becomes very difficult to assess all the
17 people eligible under whatever criteria you choose. Of
18 course, if you're given proper funding, then you can have
19 the staffing and the personnel to do the assessments that
20 you wish.

21 However, if it's going to be on a very low budget,
22 which many times our weatherization programs have been that
23 way, here in Sacramento particularly, we're always funded
24 at a level that makes it very difficult to do as best the
25 work you could do.

1 But we end up doing quality work, but yet, it's
2 really trying on the staff. So, fund it well if you're
3 going to fund it, particularly if you're going to do into
4 rental units.

5 Also, in your new revised, that I've just seen,
6 you talk about through existing programs, such as Department
7 of Housing and the CCC, I would like to make sure that
8 programs that do get into this have prior experience and
9 background in doing weatherization for you.

10 I'd like to see that possibly community-based
11 organizations -- I know that they're not locked out of this,
12 but you haven't stated them, community-based organizations,
13 people with proven track records to be involved in this
14 program. Thank you very much.

15 CHAIRMAN IMBRECHT: Thank you for your testimony.
16 Questions? Commissioner Schweickart. Would you please --
17 ma'am, would you please remain.

18 COMMISSIONER SCHWEICKART: Oh, I'm sorry, could
19 you --

20 CHAIRMAN IMBRECHT: The Commissioner has a
21 question for you.

22 MS. CASTRO: Oh, I'm sorry.

23 COMMISSIONER SCHWEICKART: Ms. Castro, where --
24 could you tell me what the source of the funds that you're
25 currently using for weatherization, where they originated?

1 MS. CASTRO: Certainly. They're from the State
2 Office of Economic Opportunity and from CALNEVA. We're
3 involved currently in the new direct weatherization program
4 administered through CALNEVA.

5 COMMISSIONER SCHWEICKART: All right. And
6 perhaps --

7 COMMISSIONER EDSON: That's actually -- the
8 CALNEVA Program, I believe, is PGandE funded.

9 MS. CASTRO: Well, it's indirectly through them.

10 COMMISSIONER EDSON: Right, right.

11 COMMISSIONER SCHWEICKART: All right. I think the
12 question that I have, and you may or may not be able to
13 answer it, and for that matter, Commissioner Edson may be
14 able to help me out.

15 In looking at weatherization, when I look at the
16 programs that the Energy Commission has responsibility for,
17 and have some sense of what they've been, where they're
18 headed, what the levels of funding are, what their condition
19 is today, but with weatherization, I frankly don't have that.

20 I wonder if you could tell me how much money is
21 currently budgeted for weatherization through OEO and other
22 programs, and how that compares with past years, that sort
23 of thing. I need to have some sense of the significance of
24 either a little or a lot of the funds here which we have
25 before us being relegated to that program.

1 MS. CASTRO: Well, as a matter of fact, I'm
2 going today, the State OEO Office is having its hearings
3 for their state plan, and I'm going to that after this,
4 it's a big -- and they have in there the funding recommenda-
5 tion by county. They allocate across the state by county
6 and jurisdictions, and depending, I believe, on population
7 size how much they gear towards that county or that
8 jurisdiction.

9 Here in Sacramento, I think -- well, they have
10 the DOE, and then they have the LIEAP program, which used
11 to be CSA. So, here in Sacramento, I would say roughly
12 speaking, for the whole county, there is around \$500,000,
13 \$300,000 to \$500,000 annually for Sacramento, and I think
14 that's on the high side, and that's not very much money.

15 But in Los Angeles, you get into Southern
16 California, they get much higher proportioned appropriations.

17 CHAIRMAN IMBRECHT: Commissioner Edson?

18 COMMISSIONER EDSON: Commissioner Scweickart, I
19 think I can direct you to some of the information you need.
20 In the agenda package, there is a chart which summarizes the
21 information we could gather on budget funding levels in the
22 past year, the current year, and proposed for next year.

23 In the current fiscal year, I believe approximately
24 \$10 million is in the OEO weatherization programs. In the
25 Governor's proposed budget, \$4.3 million is allocated. I

1 should point out that the jobs bill which -- the federal
2 jobs bill that everyone expects to see on the President's
3 desk any day now, contains, I believe it's \$150 million --
4 \$100 million for weatherization, and that would leave to
5 California something in the neighborhood of \$5 to \$6 million
6 additional funds for the current fiscal year.

7 As Ms. Castro pointed out, the money is allocated
8 among counties according to a federal formula -- or state --
9 a formula under the state plan for implementing the program.

10 COMMISSIONER SCHWEICKART: So, if I could try and
11 draw a conclusion then, we're saying that in turn, you're --
12 the weatherization programs are supported to about \$10
13 million from direct state funds. I would assume there are
14 some other utility programs which --

15 COMMISSIONER EDSON: The number I quoted is
16 federal funds. The Pacific Gas and Electric Company has a
17 current program funded, I believe, at about \$3 million and
18 has pending before the PUC an additional \$19 million, I
19 believe. That money would go into their service territory,
20 obviously, for these weatherization activities through the
21 CALNEVA organization.

22 MS. CASTRO: Excuse me, it's \$25 million, I
23 believe they have, for the direct weatherization under
24 PGandE, but that is only for homeowners and home buyers,
25 not renters.

1 COMMISSIONER SCHWEICKART: All right. I guess
2 what I'm looking at here, then, is something on the order
3 of \$13 million current year between federal and utility
4 programs for direct weatherization, and something on the
5 order of four plus the state's share of the federal bill of
6 another five to six, so again about \$10 million of federal
7 funds in the coming year, plus continuation, or actually
8 expansion of the utility weatherization programs which may
9 have some additional restrictions, but would hopefully then
10 free up the balance of the title funds to be directed to
11 the renter.

12 COMMISSIONER EDSON: There are other utility
13 programs as well which are targeted to the low income
14 sector, and the service territories, that's what I'm trying
15 to point out.

16 COMMISSIONER SCHWEICKART: All right. So, in
17 essence, the amount that we might direct here would perhaps
18 add as much as 20 percent or 30 percent to what might
19 otherwise be available for direct weatherization compared
20 with an option of other uses in other programs.

21 I'm just trying to get a feel for if we're adding
22 a drop to a bucket versus killing something else, that's a
23 serious alternative I have to consider. If we're making a
24 real difference in weatherization, depending on how much
25 we allocate, then that's a different matter.

1 COMMISSIONER EDSON: I think one of the reasons
2 that the Committee is recommending targeting weatherization
3 money to the low income rental sector is an attempt to try
4 to have a measureable impact. That's a sector of the housing
5 market, which as you know, has been very difficult to
6 achieve energy conservation in, and I think if we can find
7 an innovative way to link existing state housing, state or
8 federal housing programs, and this federal weatherization
9 money, that we could end up developing a very useful
10 mechanism for achieving our goals there.

11 CHAIRMAN IMBRECHT: Okay, fine. Any further
12 exchange? I just want to ask, again, my information is that
13 it's 18.65 million available, not 18.9. Can somebody
14 clarify that for me?

15 COMMISSIONER EDSON: We had a copy of the check,
16 I should circulate it.

17 MS. GRIFFIN: Yes. I do have a copy of the check,
18 it's \$18.914.

19 CHAIRMAN IMBRECHT: Thank you. All right, fine.
20 Commissioner Commons?

21 COMMISSIONER COMMONS: She answered the question.

22 CHAIRMAN IMBRECHT: All right, fine. Okay.
23 Ms. Castro, thank you very much.

24 Next we'll call Dina Hunter representing
25 Southern California Edison.

1 COMMISSIONER GANDARA: I had a -- just a question
2 for Commissioner Edson. Are you going to be making
3 recommendations based on testimony? I believe there were --
4 there were two direct requests, one to clarify that CBO's
5 were available, and the other one was for, I think, the
6 level of funding, specific funding. Was that addressed?

7 COMMISSIONER EDSON: A level of funding was not
8 addressed for programs outside of the Energy Commission's
9 responsibilities. I'm happy to mention anything that we
10 transmit, that CBO's would certainly be eligible for
11 implementing the weatherization activities.

12 I'm a little reluctant to recommend actual levels
13 of funding in areas where I think we probably need more
14 background in order to arrive at a reasoned position.

15 CHAIRMAN IMBRECHT: Fine. Ms. Hunter?

16 MS. HUNTER: I'm Dina Hunter from the Southern
17 California Edison Company, and I'm a special projects
18 supervisor with the company. My main area of emphasis is
19 developing programs for the disadvantaged community
20 including low income, non-English speaking, renters and so on.

21 I'm here today to provide some comment on the
22 proposed allocation for the oil overcharge funds, and it's
23 rather general because the recommendations by the Energy
24 Commission staff changed several times and made it very
25 difficult to analyze the current list of recommendations.

1 So, I'll go on here. For the first time since
2 1976, California has seen a significant increase in energy
3 assistance and weatherization funds for the low income. I
4 would caution you, though, that that significant increase
5 should not be misunderstood, because at the same time, the
6 conditions of the low income, and the increase -- the low
7 income population have also increased. So, despite the --

8 CHAIRMAN IMBRECHT: Excuse me, could I ask you
9 to speak up, or perhaps draw the microphone a little closer.
10 I think some people are having a difficult time hearing.

11 MS. HUNTER: Is it on, maybe that's the problem.

12 COMMISSIONER SCHWEICKART: Is the switch towards
13 you, Dina, on the top?

14 MS. HUNTER: I suppose so, I --

15 EXECUTIVE DIRECTOR GEESMAN: Yes, it is.

16 COMMISSIONER SCHWEICKART: All right.

17 MS. HUNTER: Okay. Again, as I was mentioning,
18 I would caution the fact that there has been a significant
19 increase in funds, that you should not get the impression
20 that there's no additional need, because at the same time
21 that funds were increasing, the plight of the low income,
22 and their conditions were decreasing.

23 In other words, the conditions were becoming more
24 and more difficult, more and more people were becoming low
25 income.

1 COMMISSIONER SCHWEICKART: Could you try the other
2 one, Dina?

3 CHAIRMAN IMBRECHT: Yes.

4 COMMISSIONER SCHWEICKART: People want to hear
5 what you're saying and they're not.

6 CHAIRMAN IMBRECHT: That's right, and I'm even
7 having a difficult time here on the rostrum.

8 MS. HUNTER: Do you want me to start where I
9 ended up, or do you want me to start over?

10 CHAIRMAN IMBRECHT: I think just continue --
11 continue would be fine.

12 MS. HUNTER: Very good. The recommendation -- I'm
13 going to give you our recommendation to make this a little
14 shorter, and that is basically that the bulk of the monies,
15 the oil overcharge monies be used to implement energy
16 conservation programs directed at the low income, in
17 addition to energy assistance programs.

18 I recognize the fact that you have not
19 recommended any funding for an energy assistance, that is,
20 for instance, a crisis intervention, or utility bill assis-
21 tance program basically, as I read, because you don't believe
22 that there is a significant energy savings derived by that,
23 and that's true.

24 However, the Congress and its wisdom did not
25 necessarily require that there be an energy savings, but

1 rather, this money should go back to assist those individuals
2 that were overcharged in the beginning. So, we would
3 recommend that the bulk of monies, and I don't have an
4 amount for you, be used to assist the disadvantaged
5 community, and that go into weatherization and crisis
6 intervention through the Low Income Home Energy Assistance
7 Program.

8 We would also recommend that there be maximum
9 coordination, and given that, that those funds should be
10 funneled through the State Office of Economic Opportunity
11 that currently operates and administers the various
12 weatherization programs for the state.

13 CHAIRMAN IMBRECHT: Why do you think that that's
14 the appropriate office to administer a weatherization
15 program?

16 MS. HUNTER: I beg your pardon?

17 CHAIRMAN IMBRECHT: Do you believe that's an
18 appropriate office to administer --

19 MS. HUNTER: Yes. As I mentioned before, the
20 State Office of Economic Opportunity currently operates the
21 weatherization programs for the Department of Energy funds
22 and the Low Income Home Energy --

23 CHAIRMAN IMBRECHT: Yeah, I'm conscious of that.
24 My question was, do you think they are an appropriate agency
25 to administer a weatherization program?

1 MS. HUNTER: Yes, because we believe that that
2 will maximize coordination, minimize duplication. I under-
3 stand there are no administrative costs along with this
4 money also, and given that, the funds that would be used
5 in conjunction with other funds that there are administrative
6 costs allowable would assist those program operators in
7 utilizing the funds.

8 CHAIRMAN IMBRECHT: Commissioner Commons?

9 COMMISSIONER COMMONS: I shared your viewpoint
10 initially in terms of the energy assistance, but as we
11 started to receive the information, the three principal
12 criteria were how fast do we get the money back in terms of
13 a return, how much do we get actually out to low income,
14 which to me was probably the most important criteria, and
15 then, since it is over -- oil overcharge, as most people
16 use some type of oil, either as a driver or otherwise, and
17 so how does the state itself benefit.

18 And in passing the funds back, we found that we
19 got about 96 cents back to poor people for each dollar that
20 we spent, but when we started doing things like traffic
21 signal timing, helping local governments, federal schools
22 and hospitals, we were able to leverage our funds, and some
23 of the funds were able to be loans, so the actual amount of
24 dollars that would go back in benefitting the poor was
25 sometimes \$2, \$3, or \$4 per dollar spent.

1 So, it appears to me at this time that we're
2 actually benefitting the poor by putting the dollars where
3 there are no funds available, rather than directly handing
4 it back. So, I changed my initial position, just based on
5 the information that we received.

6 MS. HUNTER: The recommendation was based on the
7 recognition that the disadvantaged community today is at a
8 very crucial point, and many of them, while in a long-term
9 would benefit by some of the funding allocation recommenda-
10 tions, may not live to see that fruition of benefit come
11 back to them.

12 It was basically a recommendation based on a
13 recognition that the disadvantaged community is at a
14 critical turning point, and that the income, low income
15 ranks are growing because of the economic stresses that we
16 face today.

17 COMMISSIONER COMMONS: You know, the number of
18 dollars -- I went back to my city and tried to look at it
19 in terms of what the actual impact would be on those
20 persons who are hurting the most, and we're talking about
21 \$10 to \$20 going back into the pockets of people who will --
22 it just -- it's such an important problem from the cities
23 and from the utilities in terms of people who can't afford
24 to pay, but we're not resolving the problem if we don't take
25 care of the multi-family unit where they're living, do some

1 weatherization, if we don't take care of signals so that
2 you can get more miles per gallon, we're not resolving the
3 problem by putting \$10 or \$20 back into their pockets.

4 We're continuing to have the same problems that
5 are faced with no resources to overcome it, and the \$10 or
6 \$20, it just didn't seem to be significant enough.

7 CHAIRMAN IMBRECHT: I would just note as well that
8 the Governor's budget does provide \$54.1 million for the
9 League program as currently recommended. I must say that
10 the only portion of that issue that I think it might be
11 appropriate to make some appropriation for is for the
12 emergency energy assistance, where there is a clear
13 relationship of showing, and that the dollars that would be
14 expended would directly go into, or serve the needs of those
15 that face a real crisis because of energy costs in terms of
16 their individual residences.

17 The concern I have about the League program in
18 general is it's -- not only does it not produce any long-
19 term energy savings of any sort, but as I see it, it's
20 basically an augmentation of our public assistance programs.
21 It's fungible dollars, there is no even showing that those
22 dollars are indeed spent on energy costs, but basically, as
23 I say, is an augmentation of AFDC and SSI, SSP.

24 I think that in terms of making a decision as to
25 what is an appropriate level of public assistance for basic

1 human needs, and that includes your basic energy costs, I
2 think that's a decision that's more appropriately left in
3 the hands of the Legislature and of the Governor.

4 Any further questions? Thank you very much.

5 MS. HUNTER: Thank you.

6 CHAIRMAN IMBRECHT: Next I'll call Walt Auburn,
7 California Conservation Corps.

8 MR. AUBURN: I'm Walt Auburn with the California
9 Conservation Corps and what I'd like to present to the
10 Commissioners today --

11 CHAIRMAN IMBRECHT: Could you speak into the
12 microphone please?

13 MR. AUBURN: It's just not working. Neither one
14 of these is working. Testing.

15 CHAIRMAN IMBRECHT: There it is.

16 EXECUTIVE DIRECTOR GEESMAN: One carries your
17 voice onto the tape, though, and it's important for our
18 transcript.

19 MR. AUBURN: Okay. The reason I'm here today is
20 to let the Commission staff know, and the Commissioners
21 know that the CCC is continuing to work in the energy
22 conservation field and sees the petroleum violation fund
23 as a method of really translating some very good energy
24 conservation measures directly back to consumers.

25 We agree with the majority of the recommendations

1 of the Commission staff that some kind of cost/benefit
2 mechanism should be used to get the most payback to consumers
3 as possible. We see a couple of different areas that we
4 think that we can offer assistance, and kind of expanding
5 the impact of the petroleum escrow funds to California
6 consumers.

7 The two areas that we really see kind of dove-
8 tailing efforts between Commission programs and the CCC are
9 in the schools and hospitals program, as well as the
10 potential for doing weatherization in the rental sector.
11 Those two areas directly benefit the consumers. They see
12 people -- they see their bills change after energy conserva-
13 tion measures have been implemented, and the CCC is
14 interested in assisting various other state agencies in
15 that process.

16 We have also been directed by the Governor's
17 staff to seek reimbursement this year, which is the other
18 clincher in this particular matter, is that we are in
19 negotiation with various agencies to provide some nominal
20 reimbursement to the CCC for some labor component.

21 So, we work with other agencies in the next
22 fiscal year in actually implementing energy conservation
23 measures, and I'd just like to recommend that the CCC as
24 well as the Energy Commission, the Energy Task Force, the
25 Office of Economic Opportunity continue to work and dovetail

1 their efforts to use these funds in the best way possible.

2 CHAIRMAN IMBRECHT: Thank you. Any questions?

3 Thank you very much.

4 Last I'll call an old friend of mine, Rudy Aros.

5 Good to see you Rudy. Rudy represents the Western Center

6 on Law and Poverty.

7 MR. AROS: Mr. Chairman and Commissioners, my name
8 is Rudolph Aros, I'm with the Western Center on Law and
9 Poverty, and I'm going to take, I guess, from what the
10 testimony I've heard before, an unpopular position, and
11 that is that I think that there ought to be an allocation
12 for the Low Income Energy Assistance Program, and I think
13 that there ought to be a recommendation as well for the
14 Weatherization Program for renters.

15 Those are the two programs that I think will most
16 directly benefit low income people. Let me remind the
17 Commission that the reason that these restrictions are
18 placed upon this money, as you know, previously, this
19 overcharge money that was sent back to the states was put
20 into the general fund because there were no restrictions
21 on it.

22 The reason that Congress put these restrictions on
23 it was because they felt, in their judgment, that this money
24 should go back directly to the consumers who paid for it in
25 the first place. It was an overcharge the oil companies

1 were not authorized to take. They took it, and now it should
2 go back to consumers who paid it. They felt that given the
3 nature of the economic circumstances that consumers face
4 these days, that low income consumers were the ones who
5 suffered the most, that they were the ones who needed it
6 more than anyone else, and so they limited the categories
7 in which this money could be spent, and put an emphasis on
8 spending those funds for purposes that would most directly
9 meet low income consumers needs.

10 It seems to me, and I grant you the fact that
11 low income energy assistance programs do not provide any
12 mechanism for conservation. They do not reduce the amount
13 of utilities used by consumers. But the problem for
14 consumers is not that they use too much gas and electricity,
15 the problem for low income consumers is they can't pay for it;
16 no matter how much they use, no matter how little they use,
17 they cannot pay for it.

18 So, consequently, they're stuck in the position,
19 despite the fact that the Legislature has made a determina-
20 tion with respect to the amount of income payments that they
21 should receive, a lot of those people aren't even receiving
22 public benefits. They're receiving unemployment insurance,
23 or they're living on some sort of retirement, they're not
24 receiving public support.

25 As a result of that, their income is fixed. Yet,

1 at the same time, the economy is not fixed, and public
2 utility payments are rising, and they rise at an astronomical
3 rate in some places. Those people who have incomes that do
4 not fluctuate with the economy, and at least fluctuate
5 upwards with the economy, can't afford to make those payments.

6 These programs that would provide for reduction
7 of their fuel costs because they could drive more, because
8 traffic signals would be more synchronized, is not going to
9 help them make their utility payments. Those utility
10 payments are still going to remain high.

11 They may have stopped driving because they can't
12 afford to buy gas, but they're not going to start driving
13 now and still not pay their electric and gas bills. I mean,
14 that's just a given fact.

15 The idea is a good idea, and I think it's worthy
16 of some support. I don't think it's worthy of the amount of
17 support, however, that you've put into your recommendation.
18 It's our recommendation that at least 25 percent of the
19 money that's earmarked for return to consumers be earmarked
20 for low income energy assistance programs.

21 It's our experience, from our clients' perspective,
22 that when they go to these programs that provide these low
23 income energy assistance grants, that they're always out of
24 money, that they never have money to provide to these people,
25 and as a result of that, those people who need that money

1 are not getting it.

2 Granted there's \$54 million in the Governor's
3 budget to provide assistance under that program; it's not
4 enough. It's simply not enough. There are too many people
5 who are in the category of being eligible for that assistance
6 and that's what, 130 percent of the poverty guidelines
7 established by the OMB.

8 Well, how many people are going to be able to live
9 on that kind of money? Not very many, and there are a lot
10 of people who have to try and live on that kind of money,
11 and this is absolutely essential to them. They are the
12 people that have paid this excess. It's something that they
13 need to survive. We're talking about people being able to
14 heat their homes. You're talking about people being able to
15 cook their food, you know, it's not something that is
16 frivolously spent by them, you know, there obviously would
17 be certain circumstances where people would spend that money
18 in other areas than in utilities, maybe they would buy food
19 with it.

20 But the point is, they need those utilities to
21 survive. A lot of these places that we're talking about
22 where low income people live are so poorly insulated that
23 a lot of their utility costs are wasted, and that's true.
24 I think that the Low Income Weatherization Program for
25 renters is a good suggestion. I think there ought to be

1 some money put into that as well, but I think that ought to
2 be above the 25 percent that we recommend for the Low Income
3 Energy Assistance Program.

4 CHAIRMAN IMBRECHT: Thank you. Karen?

5 COMMISSIONER EDSON: I think you, in your comments,
6 point out exactly why the Committee's recommendation is to
7 put the money into programs where there is ongoing payback
8 rather than into the LIEAP assistance program. It's exactly
9 because the low income of California don't have the capital
10 to make conservation improvements in their homes, landlords
11 don't have an incentive to install conservation in their
12 rental property, and as a result, the poor of this state are
13 sending their utility dollars through the roof.

14 What we're recommending is that money be allocated
15 in ways that provide more than a dollar of benefit for a
16 dollar of expenditure, and that in fact, that money, more
17 than that one dollar come back to the people who paid these
18 overcharge funds in the beginning.

19 MR. AROS: I think that that's an admirable goal,
20 and I don't disagree with it in concept. The reality of
21 the situation is, however, that those people need the cash
22 assistance right now.

23 COMMISSIONER SCHWEICKART: What is the limit to
24 that reality?

25 MR. AROS: The limit to that reality?

1 COMMISSIONER SCHWEICKART: Right. Is it \$100
2 million going to them, \$300 million?

3 MR. AROS: Well, I don't know what it would take
4 to make everybody whole, that's probably an astronomical
5 figure, but I think that every penny, every dime, every
6 dollar, every \$20 counts for poor people. I mean, it makes
7 a difference.

8 COMMISSIONER SCHWEICKART: The problem is that
9 every dollar counts now, but does nothing for tomorrow.

10 MR. AROS: Exactly.

11 COMMISSIONER SCHWEICKART: The question here is
12 balancing near-term versus long-term, and I think we would
13 balance it perhaps differently, but I think it is not one
14 of having attention to the real problems of low income
15 people who are not.

16 MR. AROS: Well, as I said, we recommended a
17 figure of 25 percent. We think a quarter of that money, we
18 don't think it should all go, because we think that those
19 other programs have some merit. I think in reality, it's
20 a question of short-term and long-term, yes, but it's also
21 a question of human suffering, and that is essentially what
22 we're talking about. We're talking about people who are
23 suffering right now.

24 COMMISSIONER EDSON: I would argue that they're
25 suffering because they're cold just as much as they're

1 suffering because they're poor, and that to the extent we
2 can allow them to be comfortable at less cost, we are
3 providing a very significant benefit to that population.

4 MR. AROS: I agree.

5 CHAIRMAN IMBRECHT: Yes, Commissioner Commons?

6 COMMISSIONER COMMONS: One of the questions, I
7 think that you raised, which has been a frustration to the
8 Committee, is that we were not able to put any funds into
9 materials, and we are restricted by the DOE guidelines in
10 the area that we sympathize with your feeling in terms of
11 where that need is.

12 One of the recommendations that's coming out of
13 the Committee is that those guidelines be changed so that
14 we can get the monies into the materials, particularly for
15 the weatherization, and the multi-family, Section 8 housing,
16 or hotels that are often transient. The areas that have
17 been hurt the most where the poorest people live, and we're
18 not able to get the money into it under the existing guide-
19 lines, and that's one of the areas that we would like your
20 support in terms of working with DOE to allow these funds to
21 go in that direction.

22 COMMISSIONER EDSON: Let me clarify one point,
23 Commissioner Commons. The prohibition on the use of money
24 for conservation measures applies only in the SECP category
25 and in the Energy Extension Service category. The

1 weatherization category is money for measures that would be
2 money for the conservation improvement.

3 CHAIRMAN IMBRECHT: Let me just reiterate one
4 item as well, so I make my position quite clear on this. The
5 Governor's budget does not provide any funds, as I understand
6 it, for the emergency energy assistance, where I am confident
7 money is going directly to assist people in paying their
8 utility bills.

9 The problem I have with LIEAP, as a practical
10 matter, is that I don't have any confidence that that money
11 necessarily is going to pay utility bills, and as Commissioner
12 Edson I think stated quite eloquently, the long-term benefits
13 for the low income population to direct that money into
14 weatherization programs, it seems to me that you're talking
15 about savings not just this year, but to, you know, make
16 those current retirement dollars, make those current public
17 assistance dollars stretch further in terms of some of the
18 basic necessities of life.

19 Obviously, heating your home is -- and cooking
20 your food is near the top of the list of the basic necessity
21 of life. That's the reason that I will be recommending that
22 we do put some money into the emergency energy assistance,
23 but at the same time, we also focus our efforts on
24 weatherization and -- so that -- you know, there's such a
25 tremendous need out there, and there obviously is an

1 inability to provide capital in a poor person's family to
2 make some of those basic changes that most Californians
3 are doing today, you know, simple things like wrapping the
4 water heater, and weatherstripping on the doors, and
5 insulation in the attic.

6 I think long-term, in some of the particularly
7 low income communities of the state, if we start making some
8 of those measures, and let's face it, most low income people
9 generally live in older housing that has the most dramatic
10 problems associated with energy conservation, I think that
11 we probably assist those people in a more dramatic sense in
12 the long-run, that way, and in the short-term as well.

13 MR. AROS: Let me make one more comment before I
14 go, and that is that I agree with you, you know, that you're
15 not going to solve the problem by throwing money to the
16 utilities, essentially. You're not going to solve the
17 problem by paying those astronomical utility bills unless
18 you do something about the cost of those utilities.

19 Another alternative that certainly isn't
20 recommended here, and doesn't exist yet, is something that
21 I would like you to consider, and that is to provide some
22 assistance -- use some of this money to provide assistance
23 to low income utility consumers, to do some representation
24 before the PUC, and before Committee's like this, with regard
25 to rate structures.

1 I mean, I think that's an absolutely essential
2 element of doing something about reducing the costs of
3 utilities to consumers. This money could certainly be used
4 for that purpose as well.

5 CHAIRMAN IMBRECHT: Fine. Thank you very much,
6 Rudy, it was good to see you.

7 Any further testimony from the audience on this
8 issue?

9 MR. PEREZ: Chairman Imbrecht --

10 CHAIRMAN IMBRECHT: Yes?

11 MR. PEREZ: -- can I have a couple of remarks to
12 supplement the record on this business meeting agenda item,
13 and it probably dovetails into the position that Mr. Aros
14 was presenting to you. It's from Mr. Charles Hill of the
15 National Consumer Law Center, which is based in Washington,
16 D.C., and he urged the Commission to look at the debates
17 that occurred both in the Senate and the House of
18 Representatives in Washington, D.C. on December 16, 1982,
19 February 9, 1983, and December 20, 1982 in the House,
20 because he suggests that if you do look at those debates,
21 you will find a clear intent by Congress to attempt, through
22 this program, to put the money back in the pockets of the
23 poor.

24 To the extent that the Commissioners are looking
25 at compliance with the targeted areas designated, and the

1 Committee's report, and in response to Commissioner Commons'
2 inquiry as to how these programs can be adopted, I would
3 point out to you that the amendment which is Subsection 155
4 of Title 10 of the CFR, Section 205, gives you two strong
5 flexible standards in which to respond to Mr. Aros'
6 statements.

7 They are that although there are no funds available
8 for administrative costs, at the same time, there are no time
9 limits which the Governor of California must impose with the
10 expenditure of these funds and completing the program; and
11 secondly, to the extent that you would make recommendations
12 that go beyond the five target areas described in the
13 Committee's presentation, Subsection 155 amendment to the
14 Code of Federal Regulations does anticipate that, and
15 invites states to prepare descriptions of new uses which
16 would require amendments to their state plans.

17 I'll provide that to you for your information so
18 that you -- you do see that this picture is a little bit
19 more flexible than perhaps the discussion had gone to date.

20 CHAIRMAN IMBRECHT: Thank you, Ernesto. There
21 was a hand, I believe, in the back of the room.

22 MS. CASTRO: May I make just an added comment?

23 CHAIRMAN IMBRECHT: Yes, briefly.

24 MS. CASTRO: Do I need to come up there?

25 CHAIRMAN IMBRECHT: Please.

1 MS. CASTRO: I had intended to comment on this,
2 and I'm sorry, it was an oversight. The low income assis-
3 tance portion recommendation, with all due respect to the
4 previous speaker, I am speaking from personal experience.
5 We do operate as well the LIAHEAP-ECIP, Energy Crisis Intervention
6 Program for OEO, and we have been doing this for two years.

7 They do give you an option at this current time
8 to answer one of your questions. Right now we have the
9 option to pay directly to the customer, the client, the money
10 that they're eligible for, or we have to get their written
11 permission to pay the utility -- the monies, the funds,
12 directly to the utility company.

13 We do at our agency, choose to make sure that we
14 pay directly to the utility companies so that we know where
15 the monies are going to. However, there is that option, and
16 I don't know how other people do that.

17 However, I do not, frankly, feel that -- I support
18 the recommendation of the Committee. I understand all the
19 issues involved, but from our experience, I would like to
20 see more education and conservation going to the low income,
21 providing them with the Big Six measures where we could go
22 in and actually concretely do something on a long-term
23 basis I think is where the most advantage is going to be in
24 the long-run.

25 We see a lot of duplication of the ECIP program.

1 Too many programs doing it. It's very cumbersome. It's
2 very rigid. There's a lot of paperwork and bureaucracy we
3 have to go through to operate these programs, and there's
4 not enough funds.

5 So, I think that if our weatherization programs
6 were augmented and strengthened, I think then, you know,
7 we would be doing something more for the poor who need our
8 help. Thank you.

9 CHAIRMAN IMBRECHT: Thank you. It's good to hear
10 a perspective from the firing line.

11 COMMISSIONER EDSON: I hope you'll convey those
12 feelings to the Legislature.

13 MR. PEREZ: Chairman Imbrecht, one last comment.

14 CHAIRMAN IMBRECHT: Yes.

15 MR. PEREZ: Rusty Selix of the League of California
16 Cities did stop by my office before the meeting this morning
17 and asked that I make sure that his written comments dated
18 March, 1983 to a whole variety of people looking at this fund
19 be entered in the record. So, if there are no objections
20 from the Commissioners, it is a two-page document, and I
21 think Commissioner Edson was paraphrasing from it in her
22 early presentation.

23 COMMISSIONER EDSON: My office does have a copy,
24 I'm not sure that I have one with me. I think generally
25 speaking, the League of Cities makes recommendations that

1 are in keeping with the Committee's recommendations to the
2 Commission in terms of how assistance to local government
3 should be allocated.

4 CHAIRMAN IMBRECHT: Okay. Without objection,
5 we'll direct the Secretary to secure a copy of that document
6 and enter it into the record.

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25 (Nothing omitted.)

MAR 23 1983

PUBLIC AFFAIRS



California Cities
Work Together

League of California Cities

Sacramento, CA
March 1983

TO: INTERESTED PERSONS

FROM: Russell Selix

RE: \$19 Million Federal Funds for Energy Conservation

RECOMMENDATIONS

Funds should be spent on programs that will provide maximum energy savings for the public at minimum cost. The best programs are those which result in projects where the direct benefits will snowball into more programs and further energy savings. In addition special consideration for this money must also be given to energy costs and related problems for low-income persons. The following are our recommended priorities, listed in priority order but not necessarily by the highest dollar amounts. The first three items would use only a small portion of the total.

1. Non-competitive, first come first serve grants to local agencies to provide public facility audits and evaluation of the audits. Each grant would be limited to \$25,000.
2. Demonstration projects for energy conservation innovations that if successful would encourage further use of such processes.
3. Public-private partnership programs for cities and counties working together with utilities and businesses to achieve communitywide energy savings.
4. Weatherization of homes and other assistance for low-income persons. However, we are concerned about funding wasteful programs that overlap other programs, programs that make a drop in the bucket expenditures and programs where the real benefits will not continue to be realized by low-income persons over a long period of time.
5. Additional funds for existing programs to benefit small businesses, streetlight conversions, and the "schools and hospitals program."

ANALYSIS

1. Our recent publication entitled "California Cities Energy Strategies" detailed a number of very effective programs that are being carried out by 100-200 California cities. In every instance, the first step for a city in achieving overall savings in all city facilities and demonstrating what can be done to the rest of the community was to conduct an audit of city facilities. The audits

usually reveal remarkably cost-effective and short pay-back programs that the city can engage in. The cities which are energy activists are already doing this. However, we believe there is another 100 cities or so that would be interested in carrying out cost saving energy conservation programs if the initial funds to get started can be provided by the state. These are agencies that would not apply in a competitive grant-type program. It would be necessary to make the funds available on a non-competitive, first come first serve basis. A \$25,000 grant would be sufficient for a city of 50,000 or less and also for comparably sized other public agencies to conduct audits of its facilities and to have the results of the audit evaluated to provide information to the city on what kinds of programs it may wish to consider.

We think this type of grant would be the single most cost-effective use of this \$19 million. Two million dollars should be adequate to cover 80 cities which is our estimate of the maximum number of cities that would likely apply for such a grant. Additional funds may be set aside for other types of public agencies.

2. Some portion of the funds should be set aside for demonstration projects. These would be innovative programs that show new ways of saving energy. We do not have specific types of programs that we wish to recommend, rather we would defer to the Energy Commission or the Energy Extension Service which would provide these grants on a competitive basis to local governments, community groups and businesses that can demonstrate new types of programs and allow the reviewing agencies to determine what types of programs should be funded.

3. The best way that we know of to develop the best energy conservation programs community-by-community is to encourage the local government to develop a strategy together with the major utilities which provide gas and electrical service to the area, and the business community to determine what strategies would be most effective in that city. Demonstration grants in a number of cities have already produced remarkable results in energy savings with programs carried out through public-private partnerships. These again would be competitive grants that could be administered by the Energy Commission or the Energy Extension Service.

4. Low-income persons, particularly renters, do not receive the benefits of most other energy conservation programs. Some funds should be utilized for programs which will ensure that benefits are received by these persons. We are concerned about the possibility of the state providing grants to individuals for a program that would only reach a very very small percentage of the population. For programs for which this money would only be a drop in the bucket, it doesn't seem to make sense to utilize this limited funding source. We also are concerned about weatherization programs for owner-occupants of homes which provide grants that do not tie in with the zero interest loan programs that are offered by utilities. We recognize that there are problems with those programs for low-income persons. However, to completely ignore those programs and not utilize the financing available through the utilities seems like it may be a wasteful expenditure of funds. Another program which may benefit low-income persons is crisis intervention and perhaps grants related to the crisis intervention for persons who are unable to pay their utility bills.

5. Additional funds could be spent on expanding some of the existing loan programs for city streetlight conversions to sodium vapor lights for local government energy conservation under the "schools and hospitals program" and for energy conservation by small businesses. All of these are excellent existing programs that provide substantial energy savings.

1 CHAIRMAN IMBRECHT: All right, fine. I guess
2 we're at the point now where we need to make some decisions.
3 I have some proposals. I think perhaps I'd ask first, are
4 there any Commissioners that have any recommendations as
5 to any of the items that were not enumerated in the Committee
6 report? Commissioner Schweickart?

7 COMMISSIONER SCHWEICKART: Yes. The one item
8 which I consider to be relevant from the policy perspective
9 here, and I did not see in looking through the Committee
10 report, is one of where the responsibility for the allocation
11 of these monies, and balancing, let me say, lies.

12 I understand that, or assume that to be the
13 Governor's budget, and the action of the Legislature through
14 the budget process.

15 CHAIRMAN IMBRECHT: That is correct. This
16 basically represents our formal recommendation to that
17 process. Unfortunately, we don't have the ability to
18 allocate the monies ourselves.

19 COMMISSIONER SCHWEICKART: All right. The question
20 then, based on that assumption that follows is on what basis
21 did the Committee, and on what basis should the Commission
22 presume outside its areas of responsibility to either
23 reserve certain monies or allocate them. I recognize the
24 Committee has opted not to allocate outside the Commission's
25 jurisdiction, nevertheless, has essentially recommended to

1 the Commission allocation of 12.5 out of the total \$18.914
2 million available in the program.

3 It would seem that part of the question I would
4 have here is, is there, or has there been an attempt, in
5 fact, between the responsible, the currently responsible
6 agencies that span the overall spectrum of eligibility here,
7 shall we say, to coordinate a unified position, or is each
8 agency submitting a similar recommendation, and in that
9 case, is OEO, for example, recommending 12 million, or
10 anything like it, or anything at all for the programs within
11 the Energy Commission's jurisdiction, or Energy Extension
12 Service, and similarly for Energy Extension. Are they
13 submitting something which includes the total spectrum, or
14 only Energy Extension Service.

15 So, I -- my question here is one of what should
16 we assume our responsibility to be in terms of an overall
17 balance is concerned.

18 CHAIRMAN IMBRECHT: Well, I personally would
19 suggest that we go ahead and make recommendations relative
20 to the entire amount of dollars. I believe the Energy
21 Extension Service submitted a recommendation that totaled
22 something in the neighborhood of \$5 to \$6 million.

23 I attended a meeting several weeks ago involving
24 -- that Assemblyman Vasconcellos initiated, involving a
25 number of legislators and representatives of a variety of

1 the agencies. My impression was that OEO has basically
2 submitted a recommendation that would encompass the entire
3 sum of money, and --

4 COMMISSIONER EDSON: For their programs, I believe.

5 CHAIRMAN IMBRECHT: That's right, I think they
6 allocated it all to them, or suggested that it all be
7 allocated to their programs. From my perspective, I think
8 that we should weigh in, relative to an energy related
9 issue, with our judgment as to, you know, how the total funds
10 should be allocated.

11 I think that is appropriate, and I think that it's
12 then up to the people that have the responsibility of making
13 the final policy decision to balance and weigh those
14 alternatives.

15 COMMISSIONER SCHWEICKART: Well, I would suggest
16 that my difficulty in doing that is that I have a fairly
17 clear understanding of what the value, what the total funding
18 availability is for those programs within the direct
19 implementation responsibility of the Commission.

20 Though on a matter of energy policy, I would
21 support weatherization, for example, and perhaps were I
22 to know more about it, I might support Energy Extension
23 Service programs.

24 The fact of the matter is, I neither have an
25 adequate understanding of the program, nor the alternative

1 funding available to those programs, and so I have a fairly
2 certain idea of the potential impact on the programs lying
3 within the Energy Commission's responsibility, but I have a
4 rather sketchy and perhaps bias one way or the other view
5 of the other options.

6 So, that's part of my dilemma. On the other hand,
7 I quite concur with the concept that we are -- we have both
8 implementation responsibility for certain activities, and
9 we have an overall energy policy responsibility. So, from
10 the policy perspective, I have no problem suggesting a
11 certain balance, but I don't know what the funding is in
12 the other areas in terms of the existing balance.

13 CHAIRMAN IMBRECHT: The information that's provided
14 here, to the best of my knowledge, is accurate. The Governor
15 made a very small reduction in his proposed budget for the
16 LIEAP program, which currently constitutes about a million
17 off of what is there for the current fiscal year, did not
18 provide any recommendation as to the crisis assistance.

19 I believe they zeroed out in the Governor's
20 budget the Energy Extension Service -- no, left a million in?
21 Left one million in.

22 (Laughter)

23 CHAIRMAN IMBRECHT: Why don't you come forward and
24 give us just a --

25 COMMISSIONER SCHWEICKART: Why have you been hiding

1 in the weeds, Sykes?

2 MR. SYKES: It's been a long 90 days. No, we
3 haven't been zeroed out. I just had a meeting this morning
4 with Tony Cimarusti who is the Interim Director of OPR and
5 the Extension Service is, in fact, in the budget for '83-'84
6 and it is all federally funded.

7 So, in other words, there are no state dollars
8 involved other than a 20 percent match which is required for
9 EES. We have developed our proposal for the overcharge
10 funds that was submitted to John Caffrey last Wednesday.
11 We are requesting \$6 million, and it's allocated by seven
12 categories: small business, local government, energy action
13 and schools, specific program dealing with senior citizens,
14 underserved and agriculture.

15 That proposal is obviously something that you can
16 peruse at this point. I wasn't at liberty last week to
17 move that around until the administration said otherwise.
18 I do have copies of that available, and I would be more than
19 glad to share that information with you.

20 I think that the approach that we have taken in
21 our proposal is recognizing the interest of the other two
22 agencies, and have stressed in that proposal our desire to
23 cooperate with all agencies in the expenditure of these
24 funds.

25 I think that we all play an important role in this.

1 We all deliver valuable services to the state, and the
2 overcharge funds, there is a concern here that we are
3 equitable in our distribution of those funds. Everyone in
4 the State of California was harmed by the overcharge
5 situation, okay? And I think that it's important that as
6 we make decisions, we keep that in mind.

7 I am very supportive of low income programs, but
8 I'm also equally supportive of services coming out of the
9 Commission, and very supportive of the Energy Extension
10 Service, and we will be here for some time to come.

11 Questions?

12 COMMISSIONER EDSON: Let me just comment on what
13 the Committee's approach was to this whole question. As
14 you've noted, there is no funding level recommendation for
15 programs outside of the Energy Commission's jurisdiction.
16 However, the Committee has recommended a policy approach to
17 allocating funds to the remaining categories, and that
18 policy approach is that the dollars be provided to programs
19 which provide a direct payback to the low income, to the
20 general population of the state.

21 I think that is in keeping with Congressional
22 intent that the overcharge monies be returned to those who
23 suffered as a result of the overcharges, and avoids the
24 expenditure of these funds for either -- well, avoids the
25 expenditure of funds for paper studies as are -- some of our

1 activities are sometimes characterized.

2 COMMISSIONER GANDARA: Mr. Chairman, I have a
3 comment.

4 CHAIRMAN IMBRECHT: Yes, Commissioner Gandara.

5 COMMISSIONER GANDARA: I think -- as I total up
6 the number, I think that there are, it has been stated,
7 there are something like \$18.6 million and there's \$41
8 million in claims among three agencies, presuming that there
9 is no overlap.

10 It seems to me that the Committee's approach has
11 been to recommend within those programs that we know best
12 and the fact that we haven't done so for the entire amount,
13 I think speaks to the prudence and reasonableness of the
14 Committee's recommendations.

15 At the same time, to the extent that the Committee
16 has done that, I think that some of the concerns and
17 expressions given here regarding the direct assistance, the
18 LIEAP program, for example, does not dissuade me from, at
19 least supporting the Committee's recommendations at this
20 point, because I would expect that in the Committee's
21 contemplation there was room left between -- and the
22 difference between what was available and what the Committee
23 was recommending for that kind of expression to take place.

24 If there seems to be a desire to somehow resolve
25 and accommodate all this, I would suggest that we could

1 proceed with the Committee's recommendations which are, in
2 my view, entirely reasonable, and then, you know, presume
3 in part of the recommendation that there be a mechanism in
4 the forwarding letter by which the three agencies could, in
5 fact, sit down and work this out, rather than for us to at
6 this moment either postpone action, or to come up with
7 recommended levels in programs that, frankly, I'm not very
8 familiar with. I'm familiar more with the kind of things
9 that have been recommended here.

10 I don't find, really, areas of disagreement with
11 what anybody has said here. I think everything is worthy.
12 I don't think it's a problem of choosing one over the other,
13 I think everything is going to be addressed. But I think at
14 this time, we're -- as I see the Committee's recommendation,
15 it's -- we're recommending that area that we know best.

16 I would say that we proceed in that fashion, and
17 that included in the recommendations of the Committee, in
18 the letter, and I would leave that to the discretion of the
19 Committee as to how they word it, would be a -- require an
20 approach or a mechanism by which further resolution of the
21 \$41 million claimed on \$19 million be made.

22 CHAIRMAN IMBRECHT: Well, let me just try one more
23 time to make a case that we make recommendations as to the
24 entire sum. As I review what's currently available for
25 weatherization, it's been reduced from \$10 to \$4.3 million.

1 That makes a backing off of current efforts with respect to
2 weatherization. I think that we have much greater emphasis
3 to our concerns about putting money into weatherization by
4 making a specific recommendation as to the dollars to be
5 allocated there.

6 I might say as well that I don't believe there is
7 any controversy, or lack of concensus that the emergency
8 assistance area directly goes into assisting people with a
9 crisis over a particularly high utility bill, particularly
10 in winter months and that type of thing, and I would
11 personally have no hesitation at all to recommend a specific
12 allocation there.

13 As to whether or not we deal with the EES question,
14 I guess I can go either direction on that. But I would be
15 prepared to make a recommendation at least with respect to
16 those other two programs, and when you leave a blank here,
17 I think, in terms of the home energy assistance, I think
18 that there's an assumption there that we would find that to
19 be an acceptable allocation despite the guideline that
20 Commissioner Edson suggested.

21 I would propose that in light of the fact that
22 that is still a substantially funded program in the Governor's
23 budget, I would propose that we not recommend dollars for
24 home energy assistance. I would propose we recommend a
25 million dollars for the emergency energy assistance, and that

1 we recommend something in the \$2 to \$3 million range for the
2 weatherization program, on the grounds that that would
3 restore roughly half of the proposed reduction in the
4 Governor's budget for weatherization.

5 Then if we care to leave the remainder unallocated,
6 or recommend it for EES, I would find that appropriate as
7 well.

8 COMMISSIONER SCHWEICKART: Mr. Chairman, one
9 question on your recommendation.

10 CHAIRMAN IMBRECHT: Yes.

11 COMMISSIONER SCHWEICKART: Or perhaps a matter of
12 clarification, the 4.3 decrease in weatherization, there is
13 a decrease from 10 to 4.3, I guess I should say, as I
14 understand it, it is federal funds, is that correct?

15 COMMISSIONER EDSON: (Nods affirmatively.)

16 COMMISSIONER SCHWEICKART: It is, I would remind
17 you, compensated by a \$5 to \$6 million California share of
18 the \$200 million --

19 COMMISSIONER EDSON: \$100 million.

20 COMMISSIONER SCHWEICKART: \$100 million, excuse me,
21 jobs bill program currently on the President's desk, or
22 still --

23 COMMISSIONER EDSON: Approaching the President's
24 desk.

25 COMMISSIONER SCHWEICKART: Approaching the

1 President's desk.

2 CHAIRMAN IMBRECHT: Headed that direction, that's
3 right.

4 COMMISSIONER SCHWEICKART: So that we would have,
5 essentially, \$10 million of federal funds in the next year
6 as well to weatherization.

7 CHAIRMAN IMBRECHT: Well, I appreciate that
8 clarification, and I just would say that that would add
9 some -- have emphasis to our view that the weatherization
10 is really the policy direction to go, and rather than just
11 maintaining the status quo for the current year, we would
12 try to slightly increase that effort for the coming fiscal
13 year.

14 COMMISSIONER SCHWEICKART: If I could have one
15 other piece of information, and perhaps Commissioner Edson
16 can respond. The Energy Extension Service current year
17 funding is \$1 million?

18 COMMISSIONER EDSON: I would defer to Mr. Sykes.

19 MR. SYKES: No. Right now we have approximately
20 \$700,000. Our new allocation from the federal government
21 should move us up to between \$700,000 and \$800,000. Our
22 original budget was \$1.5 million in 1980; \$1,100,000 in
23 1981; and in '82 it dropped down to around \$600,000. So,
24 as all --

25 CHAIRMAN IMBRECHT: The proposal for \$6 million

1 then is a fairly --

2 MR. SYKES: Yeah, you're right.

3 CHAIRMAN IMBRECHT: -- aggressive approach.

4 MR. SYKES: Keeping with my peers, yes it is an
5 aggressive approach.

6 CHAIRMAN IMBRECHT: Yes. Well, I was prepared to
7 recommend something around \$2 million for you which would
8 still be an augmentation.

9 MR. SYKES: Sure it would.

10 (Laughter)

11 COMMISSIONER SCHWEICKART: I don't believe I would
12 support that.

13 CHAIRMAN IMBRECHT: All right, fine. Questions?

14 COMMISSIONER SCHWEICKART: That was the only
15 question I had, but I guess what I would draw out of all of
16 this, and from the perspective, and with limited insight
17 into the total funding available in many of these areas
18 outside of the Commission, it would seem to me that in
19 principle, with weatherization coming back up from federal
20 funding that a slight increase from this money would be
21 appropriate.

22 I would support the recommendation of the Chairman
23 on the \$1 million, on the other hand, I would frankly keep
24 it below \$1 million on Energy Extension, and then allocate
25 the rest within the recommendations of the Committee in

1 proportion to what has -- that is, in relative proportion
2 in keeping with what's before us.

3 CHAIRMAN IMBRECHT: Okay, well --

4 COMMISSIONER EDSON: You lost me.

5 CHAIRMAN IMBRECHT: What I -- I was lost a little
6 bit at the end too.

7 COMMISSIONER GANDARA: Just multiply everything
8 by --

9 CHAIRMAN IMBRECHT: What I recommended was a \$2 to
10 \$3 million allocation for the weatherization program.

11 COMMISSIONER GANDARA: In addition to the current?

12 CHAIRMAN IMBRECHT: In addition to -- well, we
13 don't --

14 COMMISSIONER SCHWEICKART: Well, above the --

15 COMMISSIONER EDSON: In addition to whatever comes
16 to the state.

17 CHAIRMAN IMBRECHT: That's right. That would mean--

18 COMMISSIONER SCHWEICKART: So, if I have \$2.5
19 weatherization --

20 CHAIRMAN IMBRECHT: See, if you look at this
21 chart, Arturo, you will see that for the current year, the
22 hard dollars right now available for weatherization are
23 \$4.3 million. Now, there's a chance that there may be \$5
24 million coming from the jobs program bill that's approaching
25 the Governor's (sic) desk, but that's not a certainty at

1 this point.

2 In the event that that does arrive, we would then
3 end up with something in the neighborhood of \$12 to \$13
4 million, or a slight increase over the current fiscal year
5 expenditures for weatherization.

6 I recommended \$1 million for the crisis assistance,
7 that was where the \$1 million came in, and frankly, I
8 wouldn't have any hesitation to making a specific recommenda-
9 tion as to EES, \$1 or \$2 is fine with me.

10 COMMISSIONER GANDARA: Okay. A point of informa-
11 tion. I'm confused on the crisis assistance. My draft here
12 indicates that next year the proposed budget is \$54.1 which
13 is a reduction of the \$55.7, and the \$5.7 for crisis
14 assistance. But it isn't clear to me whether \$54.1 is for
15 both, or just the home energy assistance.

16 COMMISSIONER EDSON: Perhaps I can -- there is
17 ambiguity in the Governor's budget.

18 COMMISSIONER SCHWEICKART: I was just going to say,
19 is that a typo, or is that one line down.

20 COMMISSIONER EDSON: No, it's purposely one line
21 down. In the prior year, there was -- the money was
22 specifically allocated to the two activities. This year,
23 \$54.1 is the total amount allocated, and it's unclear how
24 it would be split between the two programs.

25 COMMISSIONER GANDARA: So your recommendation is to

1 add it specifically to crisis assistance, or to --

2 CHAIRMAN IMBRECHT: That is correct.

3 COMMISSIONER GANDARA: -- add it to the total and
4 let it --

5 CHAIRMAN IMBRECHT: Specifically to crisis
6 assistance. Now, I -- somewhere along the line, I heard a
7 number that the crisis assistance actual expenditures was
8 around \$800,000 this current year. I don't remember where
9 that came from, but I do remember that number in the back
10 of my head, and that's the reason I picked \$1 million.

11 Commissioner Commons?

12 COMMISSIONER COMMONS: Following up on that, I'd
13 like to ask if there was someone representing a utility here
14 today that could give us some information, if we're discussing
15 this, as to the amount of funds, at least, within their
16 utility area that would be helpful on the emergency crisis
17 number.

18 It's the first I've heard is \$1 million, and I
19 really couldn't tell you if it should be \$5 million, or
20 \$500,000. I think the utilities may have some information
21 that would help us here.

22 CHAIRMAN IMBRECHT: Is there anyone prepared to
23 offer testimony on that? Perhaps Mr. Testa.

24 MR. TESTA: Bob Testa representing Pacific Gas and
25 Electric Company. Commissioner Commons, in direct answer to

1 your question, PGandE sponsors a program through the
2 Salvation Army whereby hopefully, if the private contribu-
3 tions are what we have set as a goal, there will be \$5 million
4 made available for low income energy assistance programs
5 strictly on the basis of private contributions.

6 PGandE's shareholders have pledged up to \$3 million
7 for this purpose. Is that the sort of thing that you were
8 getting at?

9 COMMISSIONER COMMONS: Yes.

10 MR. TESTA: I think there are similar programs in
11 the other utilities as well.

12 COMMISSIONER COMMONS: If -- let me -- would you
13 have any feeling on the difference between \$1 million, or
14 \$2 million, or \$3 million, or zero at this time, in that
15 area, from the oil overcharge monies?

16 CHAIRMAN IMBRECHT: For crisis intervention.

17 COMMISSIONER COMMONS: For crisis intervention,
18 not for the --

19 MR. TESTA: I would only say that every dollar
20 helps.

21 COMMISSIONER COMMONS: Mr. Chairman, if we were to
22 get into these --

23 CHAIRMAN IMBRECHT: The Great Wallenda just --

24 (Laughter)

25 COMMISSIONER GANDARA: Who does it help?

1 COMMISSIONER SCHWEICKART: One of the surviving
2 Wallenda's.

3 CHAIRMAN IMBRECHT: Yes. Excuse me, Commissioner
4 Commons.

5 COMMISSIONER COMMONS: I'm not sure we should get
6 into the allocation, and to the other areas, but if we were
7 to do so, I think the \$1 million in the crisis would be low,
8 and it should be a higher number, probably \$2.

9 CHAIRMAN IMBRECHT: Commissioner Schweickart.

10 COMMISSIONER SCHWEICKART: Yes, Mr. Chairman, just
11 to have something on the floor, I would move that the
12 Committee -- or that the Commission adopt a proposal
13 reflecting \$2.5 million for weatherization, \$1 million for
14 crisis assistance, a half a million dollars for Energy
15 Extension and the remainder to be allocated among the
16 programs the Energy Commission has recommended by the
17 Committee, that is, consistent with the proportions or the
18 percentage of distribution within the Committee's
19 recommendation.

20 CHAIRMAN IMBRECHT: Okay. Do I hear a second.

21 COMMISSIONER EDSON: Can you repeat that? I lost
22 you. How much to weatherization?

23 CHAIRMAN IMBRECHT: \$2.5 for weatherization.

24 COMMISSIONER SCHWEICKART: \$2.5 for weatherization,
25 \$1 million for crisis assistance and a half a million for

1 Energy Extension, that would leave by my calculations,
2 \$14.914 million to be allocated among the Energy Commission
3 programs, and I -- if you want, I can literally give you
4 numbers there by pulling my calculator out, but I would
5 suggest in the same proportion that you have distributed
6 \$12.5 million in those program areas.

7 COMMISSIONER EDSON: Well, let me -- I'd like
8 to respond --

9 CHAIRMAN IMBRECHT: That would basically augment
10 our current program levels by I think about \$2.9 million
11 distributed --

12 COMMISSIONER SCHWEICKART: By \$2.414 million
13 above what the Committee recommended.

14 CHAIRMAN IMBRECHT: You're correct. You're correct.
15 Excuse me. \$2.414 that would be distributed proportionally
16 to the remainder, okay.

17 COMMISSIONER GANDARA: That would result in a 15
18 percent increase in all the existing allocations.

19 CHAIRMAN IMBRECHT: That's right. Commissioner
20 Edson?

21 COMMISSIONER EDSON: I guess I would offer one
22 comment, that is that what the Committee tried not to imply
23 an extraordinary degree of control over the specific amount
24 of money that would be allocated in getting into allocating
25 dollars to the second or third decimal, I think leaves me a

1 little cold.

2 I don't mind -- we tried to avoid what I feel is
3 a fairly presumptuous attitude in recommending allocations
4 among activities not our own, but I sense a willingness on
5 the part of the Commission, and an interest in moving
6 forward in that manner.

7 I would suggest and recommend that we slightly
8 amend Commissioner Schweickart's recommendations so that we
9 are not spreading the remaining funds across our programs,
10 but instead, recommending \$2 million to the emergency
11 assistance category, \$1 million to the Energy Extension
12 Service, and the remainder to weatherization activities,
13 targeted as suggested in the Committee's summary to the
14 rental sector.

15 COMMISSIONER COMMONS: I will second that motion.

16 COMMISSIONER GANDARA: What are your numbers now?

17 CHAIRMAN IMBRECHT: \$2 million -- let me just
18 repeat at the chair. Her recommendation is \$2 million to
19 the crisis intervention emergency assistance, \$1 million to
20 EES, and \$3.414 to weatherization, and Commissioner Commons
21 seconded it, so that motion is before us. All right, fine.
22 Further comment?

23 Is there any objection to that motion? Okay, that
24 will be the adopted position of the Commission then. Let me
25 just repeat that. As provided on the sheet, this was a

1 five to nothing vote, then, with the addition of \$2 million
2 for crisis intervention, \$1 million for EES, and \$3.414 for
3 weatherization.

4 Moving right along. All right. The next item I
5 indicated we would hold until just before the public comments,
6 this is a briefing of the Commission, and move to those
7 items that require action, and perhaps we can clear some of
8 those up prior to taking a lunch break.

9 I'll also hold Item 4. Turning then to Item 5,
10 which is a proposed contract with Charles Eley Associates
11 for \$35,000 to develop a training program on the new energy
12 regulations for new residential buildings for architects,
13 building designers, engineers, builders, and various
14 specialty contractors.

15 Yes, we have a presentation from staff.

16 MR. MALLETT: Good afternoon, Commissioners. My
17 name is Eugene Mallette, I am the senior in charge of the
18 Implementation and Code Support Group in the Building
19 Appliance Standards Office.

20 For the last two years, Valerie Hall here to my
21 left, has been a lead analyst in our implementation group.
22 Their group develops strategies for implementing new building
23 code and appliance standards that are adopted by the
24 Commission. One of those strategies is to provide training
25 for people who are affected by the new codes or standards,

1 and I'd like to leave it to Val to specifically address the
2 Item No. 5.

3 CHAIRMAN IMBRECHT: Thank you.

4 MS. HALL: I'd like to begin by quoting the
5 Warren-Alquist Act which requires the Commission -- it's
6 Section 25402.1(d), and it requires the Commission "to
7 establish a continuing program of technical assistance to
8 local building departments in the enforcement of subdivisions
9 (a) and (b) of Section 25402 and this section. The program
10 shall include the training of local officials in building
11 technology and enforcement procedures related to energy
12 conservation and the development of complimentary training
13 programs conducted by local governments, educational
14 institutions, and other public or private entities."

15 Based on that requirement from the Warren-Alquist
16 Act, the Commission began developing an implementation
17 strategy during the development of the standards themselves
18 for the Residential Building Energy Standards. Prior to
19 adoption of those standards, staff formed an implementation
20 advisory committee to advise staff on the best means of
21 implementing those standards.

22 That group was formed in December of 1980 and
23 consisted of an architect, three individual builders, an
24 HVAC contractor representative, a California Building
25 Industry Association representative, three utility

1 representatives and a building official.

2 Based on advice from this advisory group, a two-
3 phase training program was developed. Phase one occurred
4 during the January through June of 1982 period. That is
5 prior to the effective date of the standards, which was
6 July 13, 1982.

7 What we did is we contracted for training through
8 several groups, and the reason for contracting for training
9 was to be able to provide a setting in which the building
10 industry could essentially train itself on these standards.

11 We had found that in the past that when training
12 seminars were conducted by the Commission directly, the
13 people tended to come into the sessions a little predetermined
14 that the standards were not for them, and did not tend to
15 gain a lot of knowledge through the seminars.

16 Instead, the implementation strategy then called
17 for training to be conducted by building industry groups
18 which we would contract with so that they could receive a
19 more hands-on approach, they could talk to people who have
20 the same problems as they do.

21 CHAIRMAN IMBRECHT: Could I ask you to address
22 the contract right at hand? I think most Commissioners are
23 probably familiar with the background. I don't -- I'm just
24 trying to move things along a bit.

25 MS. HALL: Certainly. I just wanted to mention

1 that the contracts were for seed money only, they were meant
2 to defray developmental costs. We did not contract, at any
3 time, with building industry groups to -- for the full
4 amount of a training program.

5 Phase two, then, training was being conducted by
6 doing an RFP process, which began in September of 1982. We
7 had held a building -- excuse me, a bidders conference, of
8 course, in which I believe 50 or so people attended. Out of
9 that, 13 proposals were received and independently evaluated
10 by a five-member selection committee consisting of myself,
11 Gene Mallette, Jose Martinez, Jim Miwa, and Linda Crayne.

12 In addition, there was a member from contracts
13 office to make sure that everything was done in a fair and
14 proper way. This committee and its rating criteria were
15 approved by the executive office.

16 After making an independent review of each proposal,
17 the committee then reassembled and discussed scores, and
18 made a determination of the top candidates to be interviewed.
19 We interviewed seven and of the seven, three were selected,
20 and those are the three before you.

21 Let's see -- the three that we are proposing to
22 contract with are CALBO for the training of materials
23 suppliers, ABAG which is the American -- excuse me, the
24 Association of Bay Area Governments for the training of
25 heating, ventilating and air conditioning contractors, and

1 also, Charles Eley Associates for the training of architects,
2 designers, engineers, builders and specialty contractors.

3 MR. MALLETT: Those are Item Nos. 5, 6, and 7 on
4 today's agenda.

5 CHAIRMAN IMBRECHT: Yes, I understand that. Let
6 me try this. Are there questions from the Commission
7 members relative to the material?

8 COMMISSIONER SCHWEICKART: Mr. Chairman, I'd move
9 all three contracts.

10 CHAIRMAN IMBRECHT: Fine. Is there objection?

11 COMMISSIONER COMMONS: Yes.

12 CHAIRMAN IMBRECHT: Commissioner Commons, would
13 you care to be heard on the matter, or do you just want to
14 cast a no vote, what's your preference?

15 COMMISSIONER COMMONS: Well, I think the staff
16 hasn't finished their presentation, and then I have comments
17 at the end.

18 CHAIRMAN IMBRECHT: Okay. I just -- the main
19 reason I'm trying to move the issue along is I'm not aware
20 that there is controversy associated with this, and I was --

21 COMMISSIONER SCHWEICKART: There's audience
22 comment, Mr. Chairman.

23 CHAIRMAN IMBRECHT: There is audience comment, all
24 right, fine.

25 MS. HALL: Shall I continue?

1 CHAIRMAN IMBRECHT: Yes, please.

2 MS. HALL: The three contractors were selected for
3 several reasons. Each proposal completely addressed each
4 requirement in the RFP, and each proposer had experience in
5 teaching and in using the new energy regulations.

6 The seminars planned by each proposer will
7 effectively train the adequate numbers of their respective
8 target groups.

9 The first contract, proposed contract which is
10 with Charles Eley & Associates, it is federally funded, and
11 it's \$35,000 is the amount. Again, this is seed money only.
12 It's meant to defray developmental costs. Basically, it is
13 to train architects, engineers, designers and builders,
14 and some specialty contractors.

15 What they will be doing besides selecting, of
16 course, the appropriate instructors, preparing all the
17 curriculum materials, doing all the publicity, preparing
18 brochures to promote these seminars, they will actually be
19 giving six one-day seminars which are overview seminars.

20 In addition to that, they are planning on giving
21 12 workshops, which are half day workshops. There are
22 three different types. One will be specifically on the
23 point system, which is one of our compliance methods, another
24 on construction technology, and a final one on advanced
25 compliance methods, that would be types of computer program

1 compliance methods, and that's generally what Charles Eley
2 & Associates will be doing.

3 CHAIRMAN IMBRECHT: May I just inquire, is
4 Mr. Vermeulen, are you interested in testifying on any
5 particular one of these three contracts?

6 MR. VERMEULEN: Yes, No. 6, ABAG.

7 CHAIRMAN IMBRECHT: All right, fine. Let me try
8 this, then, is there objection -- let's try to separate the
9 motion. If I can have a motion on this --

10 COMMISSIONER EDSON: Let me make a motion to
11 approve Items 5 and 7.

12 CHAIRMAN IMBRECHT: All right, fine. Is there --

13 COMMISSIONER SCHWEICKART: Second.

14 CHAIRMAN IMBRECHT: It's been moved and seconded
15 to approve Items 5 and 7, is there objection?

16 COMMISSIONER COMMONS: Yes.

17 CHAIRMAN IMBRECHT: Okay. Would you care to be
18 heard at this point, Commissioner Commons?

19 COMMISSIONER COMMONS: Well, I would still prefer
20 that staff be allowed to finish their report, and then I'll
21 make my comments.

22 CHAIRMAN IMBRECHT: Okay. I don't believe there
23 is controversy associated with it, but fine.

24 COMMISSIONER COMMONS: If there were not controversy,
25 I would proceed.

1 CHAIRMAN IMBRECHT: All right. May I ask you to
2 address Item 7, then, and we'll turn to six, because there's
3 public comment on that, it's a separate matter. Are there
4 any further questions you have with respect to the Eley
5 contract?

6 COMMISSIONER COMMONS: My questions affect 5, 6,
7 and 7.

8 CHAIRMAN IMBRECHT: All right.

9 COMMISSIONER COMMONS: Same comments for all three.

10 CHAIRMAN IMBRECHT: Okay. Let's try 7 then.

11 MS. HALL: Certainly. Item 7 is a proposed
12 contract with CALBO, which is the California Building
13 Officials. It's a \$10,000 contract, it's federally funded.
14 The contract is designed to reach material suppliers. These
15 are the people who supply the do-it-yourself builder and the
16 small contractor with various materials such as lumber,
17 hardware, and certain small HVAC equipment.

18 This contract is designed to reach people such as
19 the Lumberjack places -- Lumberjack, Handyman --

20 MR. MALLETT: Builders Emporium, et cetera, all
21 the general do-it-yourself shops.

22 MS. HALL: And this again will be a series of
23 seminars. There will be five one-day seminars given in at
24 least four locations throughout the state. I don't believe
25 there's much difference in the way that it is set up. They

1 will be providing the publicity, they will be providing the
2 instructors, they will be providing the particular curriculum
3 that is appropriate for this particular target group.

4 MR. MALLETT: Commissioners, I'd also like to
5 add that the contracts they have are fairly well controlled
6 by administrative requirements. There are minimum numbers
7 of participants that we require per session. Generally in
8 the past we've looked at roughly an average of \$60 to \$70
9 per student trained as an approximate cutoff point where we
10 think something would be cost-effective before our money is
11 spent.

12 To date, the contracts you have before you, they
13 range from \$10 to \$35, depending upon whether it's a general
14 seminar for an overview application, down to the hands-on
15 specific seminars which require, or at least limit the
16 number of students you can have at a particular session.

17 The contractor will be required to teach the
18 minimum number of seminars we offered, or requested, to the
19 minimum number of students we identified. If they didn't
20 have the minimum number of students, the contractor would
21 cancel that session, and either hold another one, or we
22 pay less money relative to the reduction.

23 CHAIRMAN IMBRECHT: Okay, thank you. Commissioner
24 Commons?

25 COMMISSIONER COMMONS: Question, is that true of

1 all three contracts, that there are performance criteria in
2 terms of the number of persons participating, or is it just
3 true of No. 7?

4 MR. MALLETT: It's true of all, sir. Staff has
5 the administrative ability through the contract management
6 to require that.

7 COMMISSIONER COMMONS: In the contracts that I
8 read, and in the rating systems that I saw, and I believe
9 I had a meeting with staff which was going to address this
10 question is, I saw no guarantees in the contract as to the
11 number of persons, and in looking at No. 6, where this is
12 phase two, I note that 237 out of approximately 8,000
13 licensed C-20 contractors were trained in phase one, and in
14 the contracts, I saw neither as part of the rating system
15 anything dealing with the amount of performance, the number
16 of people attending as a criteria, nor do I find in the
17 contracts anything stating as to the requirements of
18 performance in terms of number of people attending.

19 My concern is that if there's anything that we
20 have done that is controversial, it's been the building
21 standards. I've been particularly concerned with the impact
22 of the building standards on the small builder. We have
23 what, 4,500 pages or so of standards, or 450 pages, some
24 large number of pages, and it's very, very difficult for a
25 small builder to learn how to apply the three alternatives

1 and to work within the standards, particularly if they don't
2 participate.

3 You know, this is our outreach effort, and we're
4 getting three percent, and there's no guarantees in the
5 contract, I'm very concerned.

6 The second part is in looking at the rating of the
7 contractors, we said there was no performance, it was not
8 part of the criteria, but the panel, I note, was all persons
9 from within -- inside the Conservation Division. When you
10 talk about going out and building a home, and having the
11 training, I would think that we should have talked to
12 someone from the contractors associations to see if they
13 would like to sit on such a panel in terms of assessing the
14 capability of the people, or of that person coming in to do
15 the training of reaching the people, who've actually had
16 experience in doing building.

17 I understand it's before I was on the Commission,
18 but I don't know whether there are people from the building
19 industry that are here, and how they feel, but this is our
20 major outreach effort, in a very, very major area, and in
21 looking at the criteria, in looking at who is doing the
22 performance, I have concerns as to these three contracts.

23 MR. MALLETT: Commissioner, the applicants, or
24 the respondents to the RFP process all have specific target
25 audiences that they addressed. These three represent the

1 remaining elements of the target audience that are not
2 covered by the CBIA contract which is ongoing now and holding
3 their last session today.

4 We did look at using the earlier advisory
5 committee's input, designed the RFP according to their
6 recommendations, which had significant numbers of builders
7 on it. We didn't feel that participants on the RFP review
8 committee should have a builder on it, or anyone from the
9 outside representation because it was our contracts and we
10 were identifying for training, and training curriculum, and
11 design that we have had experience in for the last two years
12 and have been successful at.

13 We, however, do require, or at least the staff
14 are in -- what we do is take the curriculum that these
15 trainers provide us and send it to the impacted groups so
16 that they can review it as well as staff to identify that
17 their target group, yes, it's indeed reached, and their
18 concerns are covered.

19 COMMISSIONER COMMONS: But you would have to agree
20 that three percent penetration is not a successful effort,
21 and I do not see in the contracts that we have before us
22 any guarantees of any penetration or performance in any of
23 the three contracts.

24 MR. MALLETT: I would agree that three percent is
25 low, yes, sir.

1 CHAIRMAN IMBRECHT: Would you refer us to the
2 criteria that I think you mentioned were in the contracts
3 relative to participation?

4 MR. MALLETT: What we're dealing with is the
5 performance criteria. I can't identify -- can you identify
6 that? We have contacted the contracts office yesterday and
7 today to ensure that we can, in fact, do that, as far as
8 to add a performance criteria if it's not there, or to limit
9 the number of sessions if it's not there, and they have
10 identified that yes we can, and that it would not require
11 us going through the RFP process again.

12 CHAIRMAN IMBRECHT: What do you propose to be the
13 standard that would be in the contract?

14 MR. MALLETT: We have presently 15 students as a
15 minimum per session for the hands-on, and I believe the same
16 number for the overview applications, which approximate \$60
17 to \$70 per student trained per dollar spent. That was the
18 general cutoff we had earlier.

19 CHAIRMAN IMBRECHT: All right, 15 per session and
20 how many sessions are contemplated?

21 MR. MALLETT: Overall, for all three contracts?

22 CHAIRMAN IMBRECHT: Yes.

23 MR. MALLETT: Fifty-three, Commissioner Imbrecht.

24 CHAIRMAN IMBRECHT: We're talking about 750 to 800,
25 bottom line participation in order to have compliance with

1 the contracts. I have to agree, I think Commissioner
2 Commons raises some very valid points.

3 MR. MALLETTE: It is to the advantage of the
4 contractor to have as many participants as he can in his
5 sessions, because like I said, while we are only defraying
6 the developmental costs, they still must charge the students
7 for the room and any other applications that they have.

8 We are merely defraying developmental costs of the
9 contract, which is the text and the curriculum.

10 CHAIRMAN IMBRECHT: What, typically, is the charge?

11 MR. MALLETTE: Charge per student?

12 CHAIRMAN IMBRECHT: Yes.

13 MS. HALL: \$45 has been the typical charge in the
14 past.

15 CHAIRMAN IMBRECHT: \$45?

16 MR. MALLETTE: Yes, sir.

17 MS. HALL: Yes.

18 COMMISSIONER COMMONS: You're getting at another
19 area that makes the evaluation of the contracts quite
20 complicated, is in the performance it was not in the rating
21 system, one of the issues not raised was the differential
22 in terms of what it is costing the participant to attend the
23 session.

24 So, depending upon what someone charges, it may
25 have an enormous effect on the number of people attending.

1 My concern is that we reach the maximum number of people on
2 this, and that that should have been the primary performance
3 criteria. I think there are a large number of people who
4 could adequately explain what the regulations are.

5 I'm not as satisfied in looking at the record that
6 the outreach would be successful, or equally successful by
7 the same contractors. If there were performance criteria,
8 I would probably remove my objection to the three contracts.
9 I think it's essential. I would also hope in the future that
10 we consider, when we have major contracts of this type,
11 affecting the outside world, that the panel invite someone
12 from industry to participate in the selection process.

13 CHAIRMAN IMBRECHT: I would have to totally agree
14 with that statement, and I appreciate your attention to this
15 matter. Commissioner Schweickart?

16 COMMISSIONER SCHWEICKART: Yes. Gene, was one of
17 the criteria in evaluating the responses to the RFP the
18 ability of the contractor to penetrate a particular target
19 group?

20 MR. MALLETT: Yes, Commissioner Schweickart. The
21 three that we identified have, you know, significant
22 abilities for publication and outreach to the affected
23 parties so that they could, yes, get their brochures out to
24 the people.

25 COMMISSIONER SCHWEICKART: So, although there is no

1 performance guaranteed, the selecting committee did
2 specifically look at who, at least in your judgment, had
3 the best capability of penetrating the target group?

4 MR. MALLETT: That's correct. We also --

5 COMMISSIONER SCHWEICKART: Well, I certainly would
6 commend the Commission -- the staff's general familiarity
7 with the capabilities, at least of the contractor's here. I
8 don't know who else applied, but certainly in these areas,
9 these people have a legitimate record.

10 Nevertheless, ultimately, it depends upon, if you
11 will, willing students, and as the day for compliance
12 approaches, the willingness of the student population will
13 increase. So that I don't think that the past --

14 CHAIRMAN IMBRECHT: I wish I could accept that
15 assumption.

16 COMMISSIONER SCHWEICKART: Well, when the final
17 exam is approaching, one begins to study, as I recall the
18 process.

19 MR. MALLETT: The 11th hour application.

20 COMMISSIONER SCHWEICKART: So that I think the
21 record of three percent penetration in the past with the
22 question of the staying power of the standards, if you will,
23 and the turmoil that we have gone through in the past, may
24 not be a sound basis on which to judge the ability of any
25 interests of people now receiving this training.

1 COMMISSIONER GANDARA: I would echo those comments.
2 It seems to me that over a period of two years that I've
3 seen this in operation that the interest of the staff as
4 well as the Commission has been the highest penetration rate
5 possible in the training, and that indeed, most of these
6 contracts have shown great sensitivity to that.

7 In addition to that, I would say that the penetra-
8 tion rates should, you know, if they are of concern, I think
9 there's a direct responsibility that accrues to some of the
10 people who would have benefitted by them. There was at least
11 in one notable case a boycott of the training program by the
12 industry most affected, and to the extent that that sets an
13 attitude for the contractors, and the other people who
14 could receive that training, I think that responsibility is
15 to be set there, as opposed to with the staff's efforts in
16 this regard.

17 I think another thing that doesn't help at all is
18 to mischaracterize the standards as were characterized here
19 a moment ago. The standard is a performance standard and
20 it's on one page, frankly. In the Building Standard Code,
21 the entire standards are probably no more than 40, 50 pages.

22 The 1,500 pages, 3,500 pages that are being
23 alluded to are the Energy Conservation Manual. It should not
24 be forgotten that the Energy Conservation Manual is required
25 by the Warren-Alquist Act, and it should not be forgotten

1 that the contents of the Energy Conservation Manual are
2 specified in the Warren-Alquist Act.

3 So that indeed, what we have in this situation
4 here, where great specificity and aid to the building
5 industry is specified by the Act, and it doesn't really help
6 to mischaracterize that as an Energy Commission doing, or as
7 an insensitivity to the standards themselves and the people
8 who have to implement them.

9 So that I don't have any problems with the
10 contracts here, and I think that they're the last of the
11 contracts that cover in total the -- all of the actors in
12 the building industry process, and that I think that we --
13 it would behoove us to support and make them successful, and
14 for us to do everything we can to encourage the targeted
15 groups to participate as opposed to really being, I think,
16 concerned in areas where it's a little bit late, and in
17 fact, I don't think that the staff bears the responsibility
18 for that.

19 CHAIRMAN IMBRECHT: Thank you. I just wanted to
20 say that -- comment that it would be appropriate to involve
21 people from the outside, I think does encourage that
22 participation from my perspective. I think that's how you
23 ameliorate some of the perception problems that you alluded
24 to, is to ensure that there is a sense that there is indeed
25 efforts being made to not only be cooperative, but indeed to

1 ensure that we're soliciting perspective from all interested
2 parties.

3 However you care to view it, basically there are
4 an awful lot of people that are a long ways away from
5 Sacramento that happen to reside in the state, and their
6 perception, I am sure, sometimes is utterly untrue, but yet
7 their perception, when it is entirely staff people of the
8 Commission involved in that process, I think it raises the
9 potential of adding to the difficulties we've had over
10 implementation of this.

11 Before we take action, we need to hear from
12 Mr. Vermeulen, and so would you please come forward?

13 COMMISSIONER SCHWEICKART: Mr. Chairman, the motion
14 before us does not entail the contract Mr. Vermeulen wanted
15 to address.

16 CHAIRMAN IMBRECHT: That is correct, excuse me.
17 Thank you for reminding me of that fact.

18 Let me just ask one further question. You indicate
19 that there will be performance standards included within the
20 contract?

21 MR. MALLETT: Yes, Commissioner. Staff has just
22 discussed -- the representatives of these contractors are
23 here, and staff would propose that for the work session, or
24 the hands-on experience applicant that the classes be limited
25 to 30, and on the overview sessions that it be 50 before the

1 cutoff criteria can be identified, minimum performance.

2 CHAIRMAN IMBRECHT: So, there must be at least 30
3 students in one --

4 MR. MALLETT: In the work sessions, and --

5 CHAIRMAN IMBRECHT: -- and there must be at least
6 50 students in the other.

7 MR. MALLETT: That's correct, sir.

8 CHAIRMAN IMBRECHT: That's, I find, much more
9 acceptable than 15.

10 MR. MALLETT: And that would be approximately
11 3,000 people trained for a cost of about \$25 each.

12 CHAIRMAN IMBRECHT: Yes, Commissioner Commons.

13 COMMISSIONER COMMONS: Would the maker of the
14 motion accept that as an amendment?

15 COMMISSIONER EDSON: Yes.

16 CHAIRMAN IMBRECHT: All right, fine. Under rules
17 of parliamentary procedure, the maker can make that amendment,
18 and that absent the removal of the second, that is the motion
19 before us. Is there objection to the unanimous roll call?
20 That the contracts in Items 5 and 7 be approved with the
21 specification of the 30 and 50 minimum performance standard.

22 Hearing none, that is the unanimous order of the
23 Commission.

24 Now, Mr. Vermeulen, would you please come forward.

25 MR. VERMEULEN: Good afternoon. My name is Phil

1 Vermeulen, I represent the California Association of
2 Sheet Metal and Air Conditioning Contractors, and I'd like
3 to start of by addressing the numbers that were touted a
4 few minutes ago about the training sessions from last year,
5 because we had that training contract for the air
6 conditioning contractors.

7 It's true, 237 contractors were trained, but what
8 isn't stated in those numbers is that we had less than three
9 days turnaround time from the time the contract was finally
10 approved, because there was a freeze on all contracts, until
11 the time we had to put on our first training program, and
12 all the training was done within two weeks.

13 So, I think quite frankly, it's remarkable that
14 we even pulled off those numbers, because, you know, you
15 just don't pull contractors out of a business and expect
16 them to be at a training program in one day.

17 With that, we applied for this latest round for
18 training with the understanding going through an RFP hearing
19 that they had, a meeting, that they were looking for a
20 different direction towards training this time, with a
21 bigger bang for the bucks, so to speak.

22 With that, we developed a training proposal to not
23 only include the training of our people, but also the
24 plumbers, the concrete masonry contractors, and the insulation
25 contractors for a grand total of 35,000 contractor potential

1 in the state. We were working hand-in-hand with these other
2 trade groups, and the beauty of the way we were proposing
3 our training was that we were going to give a percentage of
4 the dollars at the gate to each of the trade groups that
5 brought in people from their trades.

6 So, they had a direct incentive into bringing
7 their people into this training. Again, this was directed
8 at getting the biggest bang for our bucks.

9 One thing that we did find out as a result of this
10 training from last year was that most of the contractors did
11 not know how to do load calculations, so this time around,
12 we were going to put a bigger emphasis on things like load
13 calculations, and an emphasis on each of the other particular
14 trades, whether it be concrete masonry, the insulation
15 contractors, so on and so forth.

16 So in essence it was going to be a one day general
17 session, and then a quarter of a day for each of the other
18 trade groups, putting on their specialty areas.

19 I understand that -- Ms. Tamburri said a few
20 minutes ago that the main purpose for these training
21 contracts, rather than the staff of the Commission doing it,
22 it was because of the perceived viewpoint of contractors,
23 so on and so forth, that it's a governmental body doing the
24 training.

25 I'm a little bit amazed that -- what is ABAG?

1 ABAG is a governmental association, and I don't see the
2 difference, quite frankly, between whether the Energy
3 Commission or ABAG is doing it, and I can assure you, the
4 contractors feel that way. I speak not only for myself, but
5 the other trade groups were also outraged, and even some that
6 are getting contracts that you just awarded a couple of
7 minutes ago were also deeply outraged about a governmental
8 agency trying to train contractors.

9 On top of all that, up until a week ago, we thought
10 these contracts were dead. We still recognize that there's
11 going to be training that has to be done. As a result of
12 that, we were prepared to start training in the beginning of
13 May on our volition, without any seed money to -- because
14 there is an audience, there is a need out there, again,
15 without that money. Then all of a sudden this money comes
16 back.

17 If, indeed, there is that market there, I can
18 assure you that we've developed all the materials and things,
19 and since it is a specialized audience, we could use a lot
20 of the existing stuff and do it for a heck of a lot less
21 money than the \$30,000 that you're going to award to reinvent
22 the wheel there.

23 Finally, I'd like to use the analogy, it's like the
24 socialist party training the John Birch Society, and that's
25 the view that we have of ABAG trying to train HVAC contractors.

1 It's just absurd. With that, I'm open for questions.

2 COMMISSIONER EDSON: Are you the John Birch
3 Society?

4 (Laughter)

5 COMMISSIONER SCHWEICKART: Somewhere to the right
6 of Genghis Khan.

7 COMMISSIONER GANDARA: I would agree with half
8 the characterization.

9 CHAIRMAN IMBRECHT: Let me ask -- suddenly our
10 PA system is alive.

11 COMMISSIONER SCHWEICKART: Somebody turned it on.

12 CHAIRMAN IMBRECHT: Maybe they could turn it down
13 a bit now.

14 Let me ask a question of staff. Does ABAG
15 contemplate providing training throughout California or just
16 in the Bay Area?

17 MR. MALLETT: Throughout California, Commissioner.
18 They have an extension of publicity network that they've
19 identified and related to us where the -- a very formidable
20 outreach program to the members, and they also have the
21 availability of all the contractors lists from Consumer
22 Affairs.

23 Bill Boyer is the individual who is doing the
24 curriculum and training, generally. Bill Boyer is -- he's
25 done many years design in energy conservation and HVAC system

1 design. He has incentives for HV contractors to learn the
2 new standards. He is also an experienced contractor, and
3 has provided training to contractors not on Title 24
4 necessarily, but efficient design of HVAC systems.

5 We don't feel that Bill Boyer, although he is
6 backed by ABAG in this presentation, would be boycotted or
7 in any way felt that he was being taught by someone not of
8 their group.

9 Past performance of SMACNA was not considered in
10 the RFP process. We were only considering the proposals we
11 had before us. Through Mr. Vermeulen, we recognize his
12 concern now, and at the time, we also recognized a possible
13 concern. We deliberated a long time on this issue,
14 recognizing that the Association of Bay Area Governments
15 would be the one we would choose instead of SMACNA was a
16 very, very difficult decision, but it was arrived at through
17 consensus and we felt we had to go with it.

18 CHAIRMAN IMBRECHT: How do you think that somebody
19 in San Diego is going to react to seeing that ABAG is -- it
20 seems very strange to me, I must say, on the surface, in
21 terms of eliciting participation. I think maybe the
22 gentleman's comments were right on target, and I think that
23 in effect, he hoisted you on your petard relative to the
24 issue of a governmental agency providing the training. I
25 mean your own comments indicated that that was one of the

1 concerns as to why not the Commission doing it internally.

2 Commissioner Commons?

3 COMMISSIONER COMMONS: Point of information. When
4 this RFP went out, did all the contractors know that we were
5 contemplating three contracts, or was this one RFP for the
6 total contract?

7 MS. HALL: The RFP was written in such a way that
8 it indicated that the staff would choose based on the
9 proposals that were submitted, the option of either going
10 with a single contractor which attempted to reach all
11 target audiences, or going with a variety of contractors
12 which would best reach the individual target groups.

13 COMMISSIONER COMMONS: Okay.

14 MS. HALL: That was stated in the RFP, it was
15 stated at the bidder's conference and was always made known
16 to the public.

17 COMMISSIONER COMMONS: Mr. Vermeulen, would you
18 like to comment on that point?

19 MR. VERMEULEN: I sure would. It was emphasized,
20 and I don't know if there were notes taken during that RFP
21 meeting that everybody stood a better chance if they again
22 got a bigger piece of the market, and that there is no
23 disagreement that they said that there was a possibility
24 there might be small contracts, but they would prefer to
25 get the bigger bang for their buck, and that was the major

1 emphasis.

2 If I may, at this juncture, there was a mention
3 about Bill Boyer whose father is one of our contractors,
4 I'll have to admit. The bulk of his training sessions that
5 he's put on are -- were for the Sheet Metal worker who
6 works in the apprenticeship school, and talking to the
7 people in our association down there, I can assure you that
8 the attendance at training, and it's nothing against Bill
9 Boyer, is not going to be that high. And that's -- I have
10 to say that forthright.

11 COMMISSIONER GANDARA: I have a question, Mr.
12 Chairman.

13 CHAIRMAN IMBRECHT: Yes, Commissioner Gandara.

14 COMMISSIONER GANDARA: Mr. Vermeulen, I can
15 appreciate your concerns and your viewpoints on this as well
16 as any other contractor who was unsuccessful in their bid
17 in an RFP process, but this is an RFP process, there has --
18 you know, it has gone through a technical evaluation.

19 I guess what I'm really more interested in at this
20 point is, are you alleging some contract thing, irregularity?

21 MR. VERMEULEN: No.

22 COMMISSIONER GANDARA: Or is this just a question
23 of preference, and has the staff made an error in its
24 judgment with respect to something that you feel is strong?
25 I don't really think that it, that whether, you know, any

1 named individuals are going to do a good or bad job. I
2 don't think that's the relevant --

3 MR. VERMEULEN: No, I admit --

4 COMMISSIONER GANDARA: But to me, what's relevant
5 right now, is there a contract irregularity that leads to
6 this contract therefore not being moved by the Commission
7 as opposed to -- well, we would have preferred it to have
8 been here or there.

9 I mean, if one takes the presumption, for example,
10 that you have past experience, and you take that into
11 account, that's a major contracting change and procedure,
12 but more than that, it sort of leads, really, to an argument
13 for sole sourcing everything after you've contracted with
14 somebody, okay.

15 MR. VERMEULEN: Sure, and that's surely not --

16 COMMISSIONER GANDARA: So, where are we going with
17 this?

18 MR. VERMEULEN: Okay. The first thing I wanted --
19 I should have started off, we're not sour grapes, that is not
20 the point of what we're saying here. My concern is that
21 you're not going to get -- if you're going to take that
22 money, \$30,000, for God's sakes, put it into something else
23 because you're wasting the money is what we're saying.

24 We would not be, if it was another trade group, we
25 would not be up here talking right now. We feel very

1 strongly that you're not going to make the impact that
2 you're hoping to make within a governmental agency. That's
3 where our point is.

4 I brought in all those other things as a point that
5 we have the ability to do it --

6 COMMISSIONER GANDARA: What do you base that on?
7 You're saying that -- okay, why do you believe, what evidence
8 do you have to present to me to tell me that you think that
9 ABAG's contract is going to be a failure, and with any
10 other trade group it would be a success?

11 MR. VERMEULEN: Okay. We have 12 local chapters
12 up and down the state. Part of my responsibility of my job
13 is I have to go out and talk to these other trade group --
14 our chapters and things. I have brought up this contract
15 with them, and because I have pledged to the staff before
16 that we would work, if we were not fortunate in getting the
17 contract, we would work with whatever group got it.

18 The case is that our people have said in these
19 various locales up and down the state that they do not
20 appreciate a governmental agency putting on a training
21 program for themselves, and that the attendance will be
22 minimal at best, and I can assure you that's what's going to
23 happen. And again, it's not sour grapes on our part, I want
24 to emphasize that.

25 COMMISSIONER GANDARA: But you're saying you're

1 going to do everything you can to ensure attendance at these
2 meetings, you know, with ABAG?

3 MR. VERMEULEN: We said that before. I'm telling
4 you, though, that it does not make sense to put it on with
5 a governmental agency. Ms. Tamburri herself said that the
6 reason that we're not -- the Commission is not doing the
7 training is because of that very reason, it's a governmental
8 agency.

9 COMMISSIONER GANDARA: Is there some prohibition of
10 governmental agencies doing training?

11 MR. VERMEULEN: I don't see what that's got to do
12 with the price of tea in China.

13 COMMISSIONER GANDARA: Well, it does, because, I
14 mean, you're alleging that a governmental agency, you know,
15 should not do training. Now, Ms. Tamburri made that comment,
16 and I would agree that given the context of what we've had
17 to deal with, I think that we were trying to get out there
18 and get the training to be done by people within the
19 industry and so forth.

20 I don't know how many contracts we have in this
21 area, maybe 12, 14, okay, every one of which has been done
22 that way. This is different, okay, and I'm, frankly, at a
23 loss as to why, you know, the one contract here seems to
24 be such a problem, it's an expectation of failure if we have
25 your commitment that you're going to try and make it a

1 success as well, for your --

2 MR. VERMEULEN: I'm speaking -- saying that we
3 don't think the thing is going to work the way you're hoping
4 to do it. Why didn't the Commission take it on? Why spend
5 the money? I mean, what's the difference between ABAG and
6 the Commission doing it?

7 COMMISSIONER GANDARA: Well, that's a good question.

8 MR. VERMEULEN: Okay.

9 COMMISSIONER GANDARA: That's a very good question.
10 Perhaps the Commission ought to be doing the training, and
11 perhaps we ought to have a budget augmentation for training,
12 and I think we might be able to do a very good job of that.
13 I would say if that's your recommendation that, you know, I
14 would support that.

15 MR. VERMEULEN: It just seems to me that it doesn't
16 make sense going from one group to another in terms of a
17 governmental agency.

18 CHAIRMAN IMBRECHT: Commissioner Schweickart.

19 COMMISSIONER SCHWEICKART: Yes, I'd like to
20 inquire of the staff, in looking at the three contracts here,
21 5, 6, and 7, 5 and 7 of which we've already approved, I note
22 that in all cases, subcontractors are used for particular
23 elements of the training.

24 MR. MALLETTE: That's correct.

25 COMMISSIONER SCHWEICKART: If I read the contracts

1 correctly, the same subcontractors are used for all three --
2 by all three contractors, is that correct? Mr. Boyer being
3 one of them, the other being Berkeley Solar Group, and the
4 third, Soft Path Design for the mandatory features, point
5 system, and alternative component packages.

6 It would appear from what I see, and I'm not sure
7 I'm reading it correctly here, in leafing through this, that
8 ABAG's responsibility is not in the training per se, and that
9 the other contract -- and in fact, that he has quite a bit
10 of experience in training, and that the issue is really who
11 administers the contract, or the subcontracts, or am I not
12 reading it correctly?

13 MR. MALLETTE: Well, the identified groups, and
14 the -- we have control of the subcontractors in that we can
15 or cannot -- shall allow or not allow the subcontractors
16 chosen. The subcontractors each hit, or at least went
17 across the board to all of the major bidders they thought
18 who would be major bidders, and gave them each a sub-bid.

19 The Berkeley Solar Group and Soft Path Design,
20 the Berkeley Solar Group I believe is on another contract
21 as a sub, I can't identify one of them as to whether or not
22 they are the sub right at this moment, but that was the
23 practice for the subcontractors in this particular RFP.

24 The contractor itself is majorly responsible for
25 the publication, publicity, getting participants to the

1 seminars, and they are the one that we deal with. Now,
2 they themselves do not have instructors that they will have
3 out there. The instructors are from the industry, either
4 design groups such as Berkeley, or Soft Path Design, or
5 HVAC contractors such as Bill Boyer.

6 They have spent significant time in developing the
7 outline of how they would reach their participants, and the
8 manner in which they would reach them, so consequently, they
9 are not really doing the teaching. They in essence, yes,
10 are our contractor, but they are not the instructors.

11 CHAIRMAN IMBRECHT: Well, I think the answer to
12 the question, as we look at this is that those subcontractors
13 are only going to be used by ABAG.

14 MR. MALLETT: That's correct.

15 CHAIRMAN IMBRECHT: Not by Eley and by CALBO.

16 COMMISSIONER SCHWEICKART: I see those pages are
17 duplicated. The second question I had was that if I, again,
18 read the evaluation correctly, of the seven applicants that
19 were rated in response to the RFP, even if for whatever
20 reason, ABAG were to be determined to be inappropriate that
21 New Technology and ANCO would come above the formal rating
22 process that was gone through in the selection of a
23 contractor before getting to SMACNA.

24 MR. MALLETT: That's correct.

25 COMMISSIONER SCHWEICKART: And I guess finally, I'd

1 like to inquire of the legal office, what obligations and
2 restrictions there are in terms of contractor selection.
3 Does the Commission simply sit here and hear testimony from
4 someone who is an unsuccessful proposer, and based on
5 sympathy, or presumption, or whatever, override a relatively
6 formalized rating process.

7 MR. URBAN: We'll need a minute on that, it's been
8 a while since we've had one of these contract matters.

9 COMMISSIONER SCHWEICKART: We have a former
10 contracting officer sitting here.

11 MR. URBAN: That's why we need a minute. Do you
12 want to respond to that?

13 MS. CHESBROUGH: Yeah, I'll respond. These are
14 proposals only from the Committee. You can do whatever you
15 want to do regarding the proposals.

16 COMMISSIONER SCHWEICKART: You mean by whatever
17 criteria --

18 MS. CHESBROUGH: If you want to switch contractors,
19 then I suggest that what you'll need to do is form a new
20 evaluation committee, and re-evaluate the proposals.

21 COMMISSIONER SCHWEICKART: All right. Well let me
22 suggest to the Commission that one great way to undercut the
23 whole process of contractor selection is simply to have them
24 passion plea before the Commission at the last minute and
25 simply trash the process which we've established.

1 CHAIRMAN IMBRECHT: I think that the gentleman
2 made a point very clearly that these contracts were
3 considered to be part of the freeze, and that this has been
4 an issue that was, in effect, reinstated.

5 MR. VERMEULEN: A week ago.

6 CHAIRMAN IMBRECHT: Well, when the notice went
7 out formally for this agenda, basically, it was your first
8 notice. So, I'm not sure that's a fair characterization.

9 MR. VERMEULEN: Exactly.

10 CHAIRMAN IMBRECHT: And I guess --

11 COMMISSIONER SCHWEICKART: Well, I think the
12 proposals had been in-house since before the freeze?

13 MR. MALLETTE: That's correct.

14 MS. CHESBROUGH: Oh, yes.

15 COMMISSIONER SCHWEICKART: Okay. So the proposals
16 that were considered were not something -- did any parties
17 update, or were they given the opportunity to update once
18 it appeared that we would be able to move forward with
19 these?

20 MR. MALLETTE: No, Commissioner, they weren't.

21 EXECUTIVE DIRECTOR GEESMAN: All this selection
22 process was conducted last fall, and I believe SMACNA and
23 the other contractors were of the presumption that these
24 contracts would be caught in the freeze. We chose to move
25 them forward about two weeks ago, and my presumption is that

1 SMACNA and the other contractors didn't receive any knowledge
2 of that until they received a notice for this business
3 meeting agenda.

4 COMMISSIONER GANDARA: Mr. Chairman, we've spent
5 45 minutes on this, and frankly, I think a large bit has
6 been unnecessary. I -- just to have something on the table,
7 I move the contract.

8 COMMISSIONER SCHWEICKART: I'll second that.

9 COMMISSIONER COMMONS: I still have discussion.

10 CHAIRMAN IMBRECHT: Commissioner Commons?

11 COMMISSIONER COMMONS: Did CALBO bid on this
12 particular contract?

13 MR. MALLETT: CALBO did not. The way we chose
14 the contractors was, in this case, the target group identi-
15 fied, CALBO did not identify this group. CALBO chose to
16 identify the group that you had approved, which was the
17 suppliers of -- to the do-it-yourself application.

18 COMMISSIONER COMMONS: Were there any other
19 contractors, other than ABAG, that bid on this group?

20 MR. MALLETT: There were some contractors who
21 bid for the total target group in which case, yes, there
22 were several, but for this specific target group, I believe
23 SMACNA was the only one who addressed this specific target
24 group besides ABAG.

25 COMMISSIONER COMMONS: So therefore, when we have

1 this list of four others, there's really only -- there were
2 really only two contractors that specifically aimed at this
3 target.

4 MR. MALLETT: If you ask us to reanalyze, or
5 go back to Committee, and based on the proposals to look at
6 it again, we'd have to look at the contractors who provided
7 their responses and see if they had -- we have to re-evaluate
8 and do the specific target groups instead of the total
9 target groups that they originally identified.

10 COMMISSIONER COMMONS: I'm going to vote no on
11 the motion when the vote occurs, and I'd like to give my
12 explanation now. The questions I raised, I did not know
13 SMACNA was even a participant in the bidding process. I
14 was concerned about the process, like I've been since I've
15 been a member of the Commission.

16 I think if there'd been an outside party as part
17 of the evaluation team, we would have had a different
18 contractor recommended. I think the points that have been
19 raised here are brought to us not because they want the
20 contract, but because of their concern in implementing the
21 building standards and getting adequate training.

22 I think the rating system that was used, did not
23 get to the key question, which was performance, and we're
24 only now talking about adding performance into the contract.
25 I'm a little bit torn between having a delay and having to

1 go back and re-evaluate the proposals, but my vote will be to
2 do it that way, even if I'm a minority.

3 CHAIRMAN IMBRECHT: Well, I'd like to make a brief
4 statement as well. I personally think that since one of
5 the enunciated criteria was that the Commission itself was
6 inappropriate to handle these training sessions because of
7 the competence level generated and the external community
8 that has to implement the standards, because of my concern
9 that there have been perceptual problems associated with
10 this issue, and that it is absolutely essential that we do
11 everything possible to ensure that the affected communities
12 believe that we are working with them as opposed to working
13 in an adversarial position with them.

14 Because of the concern I have that a regional
15 association of governments does not address issues, nor does
16 it generate confidence as a known entity or quantity in the
17 remainder of the state, in fact, I'm frankly chagrin to
18 think that they're going to be handling training seminars
19 throughout the state, that I would like to offer a
20 substitute motion that we ask these contracts to be reviewed
21 once again, and a report made to the Commission, and a
22 proposal in two weeks.

23 I know that requires a forced march effort, but I
24 think that's appropriate. I don't want to delay this,
25 because we certainly have to get this training to move, but

1 I'm not confident that the recommendation either meets the
2 criteria enunciated to the Commission in the initial
3 presentation as to why the Commission itself is inappropriate
4 to carry out this training, nor addresses the basic issue of
5 perception in the general community.

6 So, I'll offer that as a substitute motion, absent
7 casting a no vote on the main motion before us.

8 COMMISSIONER COMMONS: I'll second that.

9 EXECUTIVE DIRECTOR GEESMAN: Mr. Chairman?

10 CHAIRMAN IMBRECHT: Yes?

11 EXECUTIVE DIRECTOR GEESMAN: We can accommodate
12 the two weeks with no serious problem, and I think that
13 rather than seeing you divided as closely as you are on the
14 matter, the entire subject may benefit from two weeks of
15 breathing space.

16 CHAIRMAN IMBRECHT: Thank you.

17 EXECUTIVE DIRECTOR GEESMAN: So, if it's appropriate,
18 rather than asking that you vote, I think I'd prefer to just
19 withdraw the contract from your consideration for now.

20 COMMISSIONER GANDARA: Since I was the mover of
21 the motion, I would accept that as a staff recommendation
22 I can support. However, I do believe that staff has been
23 given conflicting signals here. It was not too long ago
24 that the staff was criticized for having a technical reviewer
25 then being a -- also an element of being the recipient of a

1 contract, and now we're asking staff to put on the technical
2 review panel, potential parties who have had -- been past
3 recipients of contracts, or might be future recipients of
4 contracts.

5 So, I think that we've given the staff conflicting
6 signals here as to what kind of contracting process they
7 should use. I have no objection to the withdrawal of the
8 item. I think we would all benefit, and however, I think
9 that particular element deserves further consideration, and
10 that that ought to be cleaned up, and that I think that we
11 on the Commission ought to be consistent about the signals
12 that we give there, and perhaps that should be one of the
13 considerations when you bring back with respect to general
14 contracting procedures and review panels.

15 COMMISSIONER SCHWEICKART: As the seconder of
16 Commissioner Gandara's motion, I'd also like to second his
17 comments there. I think it's extremely important to
18 recognize that we're talking about handling of the taxpayers
19 money, and to place on contractor selection panels potential
20 recipients or beneficiaries of that, in my view, does not
21 serve in the interests of the taxpayers.

22 So, I think we will need to be very cautious about
23 that kind of activity, nor do I accept willingly, without
24 specificity, an implication that either government employees
25 are incompetent, or unable to make considered and legitimate

1 judgment on these matters. I recognize no one said that
2 explicitly, but there is a tendency that says government
3 can't do anything, and I, for one, do not accept that.

4 CHAIRMAN IMBRECHT: Well, there's certainly, if
5 you're referring to my comments, Commissioner Schweickart,
6 there was absolutely no inference whatever that --

7 COMMISSIONER SCHWEICKART: Yours were not the
8 primary ones I was referring to.

9 EXECUTIVE DIRECTOR GEESMAN: I think I should
10 probably point out that we've used external reviewers in the
11 past for some of our selection processes, and that we've
12 applied ordinary conflict of interest principles to make
13 certain that no one is passing on a potential contract for
14 themselves.

15 CHAIRMAN IMBRECHT: Well, I would just note, I am
16 also a little -- I'm not sure I understand the suggestion
17 about conflicting signals. I think it's a very easy test,
18 I don't -- and I certainly would not suggest or recommend
19 that anyone sit on an advisory panel that has a pending
20 application before that panel. I think that's absolutely
21 inappropriate.

22 I am aware of a circumstance where that apparently
23 has occurred in the past with respect to nonresidential
24 building standards, and that does cause me some concern, and
25 I felt justified in voicing that concern in another forum.

1 But I think it's a very simple and easy test to apply. If
2 you intend to apply for a contract relative to that issue
3 then you are disqualified from sitting on an advisory
4 committee, and I fail to see how that's difficult to handle,
5 or it represents conflicting signals.

6 In any case, the item is off the agenda.

7 MR. URBAN: Mr. Chairman, one thing we'd like to
8 point out is --

9 CHAIRMAN IMBRECHT: Yes.

10 MR. URBAN: -- there may be some limitations as to
11 how much reweighing can be done, or what they can do with
12 contacting outside people based on what's in the RFP, which
13 is essentially our contract, as it were, with the outside
14 as to the terms, and we will be looking at that to make sure
15 that whatever they do is consistent with the RFP, which is
16 what we, what people relied on.

17 CHAIRMAN IMBRECHT: Fine. Well, you know, I fully
18 recognize that we're not really talking about changing that
19 process for this one. These are more comments that might be
20 taken into consideration for future RFP's.

21 MR. URBAN: And they will all be consistent with
22 the RFP.

23 CHAIRMAN IMBRECHT: Commissioner Commons?

24 COMMISSIONER COMMONS: I assume in the spirit of
25 the matter that performance standards would also be

1 incorporated in this matter.

2 EXECUTIVE DIRECTOR GEESMAN: I think what would
3 probably be most appropriate is the same condition you
4 placed on your approval of the earlier two contracts.

5 CHAIRMAN IMBRECHT: Fine. Okay.

6 MR. VERMEULEN: Thank you.

7 CHAIRMAN IMBRECHT: Yes, thank you. The next
8 item we'll move to quickly is Item 8, the consent calendar.
9 Is there objection to adoption of the consent calendar?
10 Yes, sir?

11 UNIDENTIFIED SPEAKER FROM AUDIENCE: When will
12 Item 4 be heard? Do you know, do you have a ball park figure?

13 CHAIRMAN IMBRECHT: It's after the luncheon break.

14 Okay, fine. Without objection, the consent
15 calendar will be adopted.

16 Is there objection to approval of the minutes for
17 the January meeting, I believe? Hearing none, that will be
18 the order.

19 Fine, then, I think it probably would be appropriate
20 now to take about a one hour lunch break. All right, we'll
21 reconvene at 2:00 o'clock.

22 (Thereupon the morning session of the business
23 meeting of the California Energy Resources Conservation and
24 Development Commission was recessed for lunch at 12:55 p.m.)

25 --o0o--

AFTERNOON SESSION

--o0o--

1
2
3 CHAIRMAN IMBRECHT: Okay. We're going to reconvene.
4 I understand, and I apologize, there certainly was no lack
5 of wanting to hear all interested parties on the other issue
6 that was put over for two weeks, and that was the Item 6
7 contract, but apparently Mr. Goldman from ABAG was present
8 and did wish to testify on the issue.

9 So, why don't we briefly reopen that for some
10 testimony currently, and if you have comments, please offer
11 them.

12 MR. GOLDMAN: Thank you for giving me an oppor-
13 tunity to speak. My name is Steve Goldman, I'm the Project
14 Coordinator on this project to train HVAC contractors that
15 you discussed today.

16 ABAG was selected in an open and competitive
17 bidding process, and your staff has selected us after
18 following all the legally prescribed procedures, and there
19 were no suggestions of impropriety.

20 There was some concern expressed as to the
21 suitability of hiring a government agency to do the training.
22 First of all, I'd like to clarify, ABAG is not a government
23 agency. We're an association of the 95 cities and 9
24 counties of the San Francisco Bay Area, plus we have
25 numerous associate members which are in the private sector,

1 such as the Southern Pacific Corporation and the Building
2 Industry Association, which we're very -- we work very
3 closely with.

4 We have a long history of doing very highly
5 successful training, and we have done training on energy
6 conservation and solar which was initially supported by the
7 Energy Commission and now we're doing it on a self-supporting
8 basis. We have not just done this training in the Bay Area,
9 we've done it across the state, we've done it in Los Angeles,
10 and now Orange County, and Santa Cruz has asked us to come
11 down and do our energy conservation training down there.

12 Our training has been attended by various groups,
13 not just local government, builders and private sector
14 groups, in fact, we're now working with the Associated
15 General Contractors, they're going to hire us to put on some
16 training on erosion control.

17 For the HVAC contract, we have assembled a highly
18 qualified training team, which includes Bill Boyer who was
19 mentioned, who is an owner of a sheet metal company, and 20
20 years experience as an HVAC licensed contractor and
21 nationally known trainer on energy conservation, part of the
22 SMACNA's national training fund, and his speciality has been
23 in solar and energy conservation for many years.

24 Also, Berkeley Solar Group, which has done state
25 of the art computer programming on meeting the new standards

1 of the Commission, and also was hired by the Concrete Masonry
2 Association to influence the development of those standards.

3 We have -- ABAG provides extensive experience in
4 outreach and publicity, and as was mentioned today, SMACNA,
5 which did the original training, was able to reach only 237
6 of their own members, only three percent of the HVAC
7 contractors, and this is when they were trying to outreach
8 to their own group.

9 We have developed an extensive marketing and
10 publicity and outreach campaign to reach a large percentage
11 of this HVAC group, and I can appreciate the Commission's
12 concern that they want to reach many members as possible,
13 that's the objective here, and you can't guarantee people
14 will attend by setting a minimum attendance at a workshop.
15 That won't guarantee; you have to attract them to attend.

16 We are just as much interested in getting people
17 to attend as you are, because if we don't we'll lose money.
18 This training is costing us a lot more than the \$30,000 we're
19 getting from the Energy Commission.

20 We are going to reach these people by emphasizing
21 the profit motive in this training, to show them how it's
22 good for their business to know these standards, and how you
23 can actually make more money, generate more business by
24 knowing these standards, by knowing how to do energy conser-
25 vation in building design, and in fact, Bill Boyer who is our

1 chief instructor has been doing this for many years, has a
2 very successful business in HVAC contracting based on energy
3 conservation, and that's a real testimonial. SMACNA did
4 not provide that in their training.

5 We've also contacted all the major sheet metal
6 and heating contracting journals in the state, and they have
7 invited us to submit articles on the training in advance and
8 they alleged numerous times that we will get low attendance
9 at these workshops.

10 In fact, we did a market survey at the time we
11 were preparing this proposal, and surveyed about 30 to 40
12 HVAC contractors around the state, not just in the Bay Area,
13 and queried them about the previous training, most of whom
14 said they didn't even remember it, and then we described
15 our proposed training to them, and asked if they were
16 interested in attending. They said they were. They even
17 said they would pay money, even more money than we were
18 proposing and charging.

19 We have a proven ongoing track record in providing
20 training, not -- we've gotten seed money in the past, and
21 we've been doing this on an ongoing basis, which is what the
22 Commission wants, ongoing training that we intend to
23 continue for years ahead.

24 CHAIRMAN IMBRECHT: Statewide?

25 MR. GOLDMAN: Statewide, right, and we're doing

1 this on other areas. We've done it with the solar
2 subdivision training. We've gone down into Southern
3 California. We now have a proposal before the Energy
4 Commission, has submitted this for funding the DOE to do
5 this statewide training for the solar subdivision workshops
6 which is now moving through the process.

7 In addition, section -- by the way, SMACNA has not
8 continued their training after getting their \$30,000, money
9 in the past, has not continued that training.

10 Section 25402.1(d) of the Warren-Alquist Act says,
11 actually calls on local governments, educational institutions
12 and other groups to provide training on these new -- on
13 energy conservation standards and so forth. It does not
14 exclude local government, in fact, it lists local government
15 at the top of the list.

16 Lastly, I'm confused about what the directive was,
17 sending this back to the staff after this whole process.
18 I talked to your staff, and they seemed to be confused about
19 what to do. I don't know, what are you asking them to do
20 in sending this back? Are you asking them to choose another
21 contractor, to redo the whole process, or to throw out that
22 staff and bring in new staff to choose someone? I don't
23 know what's going on.

24 Lastly, we were selected by an open and fair
25 process. There were no alleged improprieties. We were

1 judged most able to do the work. We've been waiting a long
2 time to get started on this work, and we'd like to get
3 started on it.

4 EXECUTIVE DIRECTOR GEESMAN: Mr. Chairman, if I
5 can respond.

6 CHAIRMAN IMBRECHT: Yes.

7 EXECUTIVE DIRECTOR GEESMAN: I haven't had a chance
8 to meet yet with the staff, so I think the gentleman is
9 correct, they don't have a clear sense of the direction that
10 I intend to give them, but as I understood the comments from
11 the full Commission, we are to take the contract back,
12 evaluate whether since the review was performed last fall
13 matters have changed in the areas of these building standards
14 that would require additional or different elements in our
15 training program to evaluate whether or not the review panel
16 itself should be reformulated, whether bidders should be
17 asked to make new submittals, or additional submittals, or
18 whether the contract, as recommended to you today, should
19 be brought back to you as it was recommended today.

20 So, I would think that the direction that you
21 provided to me was pretty wide ranging, and I took that to
22 require a report back to you at the next business meeting in
23 two weeks. As I said, I've not had a chance yet to meet with
24 the staff, so I don't doubt that they're a bit confused.

25 CHAIRMAN IMBRECHT: I understand. I think that you

1 accurately understood our concerns.

2 Commissioner Commons?

3 COMMISSIONER COMMONS: Yes. I think there was one
4 other item, Mr. Geesman, and that was the performance
5 standards.

6 EXECUTIVE DIRECTOR GEESMAN: That's correct, and
7 I --

8 COMMISSIONER COMMONS: As to whether the contractor
9 would abide by that.

10 EXECUTIVE DIRECTOR GEESMAN: I had indicated that
11 any recommendation we made back to you would include the
12 performance standard that you had incorporated in the two
13 contracts that you approved today.

14 CHAIRMAN IMBRECHT: Yes. One final thing I would
15 be interested in knowing is what evaluation or assessment
16 was made in the selection process relative to the issue of
17 perception within the affected industries we're trying to
18 train as to whether or not, and sir, I don't, you know, mean
19 to imply anything in the way of negatives relative to ABAG,
20 or stereotypes, or any of those concerns. I'll offer all
21 the appropriate disclaimers.

22 But at the same time, I do have a question of what
23 credibility ABAG has in Southern California. I'll tell you
24 quite candidly that some local government associations of
25 similar structure to your own, without going into specifics,

1 do not enjoy widespread credibility in the Southern California
2 area, and I fear that perhaps that could spill over and
3 affect you as well, because they're not aware of your
4 performance, what differences you have, and so forth. So
5 that means there's an additional educational question.

6 MR. GOLDMAN: We don't intend to advertise these
7 as ABAG workshops. It's not going to say, ABAG HVAC
8 workshops. They're going to say, you know, how to profit
9 from the point system, a seminar for HVAC's, and it will
10 list, you know, Bill Boyer very prominently, he's nationally
11 known. And ABAG, if it appears at all in the advertisements
12 will be very small, and no one should really even take note
13 of it.

14 CHAIRMAN IMBRECHT: Okay, fine. Thank you for your
15 testimony, and we'll look forward to the report from the
16 Commission staff.

17 Let's turn, then, to Item 10, which is a discussion
18 on pending legislation. I believe Commissioner Gandara is
19 the Presiding Member.

20 COMMISSIONER GANDARA: Correct. We have OGA staff
21 here to address the preparation of the material by the
22 Commission staff in the OGA office, but just let me briefly
23 outline the -- what is before you on the cover sheet.

24 CHAIRMAN IMBRECHT: Do you have an extra one, I
25 apparently left my copy upstairs.

1 COMMISSIONER GANDARA: We have before you
2 recommended actions on about eight bills. Some of them deal
3 with the same subjects, so let me briefly just say one deals
4 with fuel set aside, utility intervenors, the Citizens
5 Utility Board, several variations of that, a couple of CWIP
6 bills and one residential retrofit, or mandatory retrofit as
7 it is sometimes referred to.

8 The Committee recommends support positions for the
9 fuel set aside and the utility intervenors, that is, AB 432
10 and SB 4. On the fuel set aside, the Committee recommends
11 support with amendments, and on the rest of the bills before
12 you, the Committee recommends a neutral position, that
13 includes the CUB and the CWIP.

14 On the mandatory retrofit the Presiding Member
15 recommends a neutral position while the second member of
16 the Committee recommends amendments. Perhaps he'd like to
17 speak to that, it's not clear to me whether that's neutral
18 with amendments, or support with amendments.

19 In any case, the bill analyses are included. I
20 don't know whether you really want to go through each one
21 of them, or maybe we can have staff here go through them if
22 you wish. I think, you know, again, I would occupy the
23 Commission's time only if necessary.

24 CHAIRMAN IMBRECHT: I'll ask for a very brief
25 summary from staff.

1 COMMISSIONER GANDARA: Ms. Stetson?

2 MS. STETSON: Did you want to start from the top
3 and go through?

4 CHAIRMAN IMBRECHT: Yes.

5 MS. STETSON: Okay. AB 432 - Goggin is a bill that
6 basically would set up a state fuel set aside program in the
7 event of an emergency or economic hardship condition caused
8 by insufficient supplies of fuel. Basically, follows a
9 report that the Commission has published and recommendations
10 in the CEC's Contingency Planning Committee Report.

11 Staff has recommended some amendments to it in
12 defining some of the particular language in the bill, and
13 the Legislative Policy Committee adopted that language.

14 CHAIRMAN IMBRECHT: Let me ask you, is there an
15 appropriation carried in the bill?

16 MS. STETSON: No appropriation but it does go to
17 Fiscal Committee.

18 CHAIRMAN IMBRECHT: No appropriation?

19 MS. STETSON: No.

20 CHAIRMAN IMBRECHT: Okay. Well, I notice in our
21 analysis that we're estimating a cost, fairly substantial
22 cost of perhaps as much as \$100,000 per month. Considering
23 the existing work constraints and the budgetary difficulties
24 the Commission faces, I guess I would ask Mr. Geesman if
25 this is a function or an activity which we could absorb

1 within existing staff levels, much less proposed.

2 COMMISSIONER SCHWEICKART: Mr. Chairman, I --

3 CHAIRMAN IMBRECHT: Yes?

4 COMMISSIONER SCHWEICKART: I'm not certain, I'm
5 looking for it now, but I'm not certain that the response
6 there was --

7 CHAIRMAN IMBRECHT: Was accurate?

8 COMMISSIONER SCHWEICKART: -- entirely accurate.
9 As I recall, there is implementation of a set aside, there
10 is a source of funding, as I recall.

11 CHAIRMAN IMBRECHT: I'd find that --

12 COMMISSIONER EDSON: At one time there was a
13 contingency fund, does it still exist?

14 MS. STETSON: There is also, it would create a
15 fuel allocation reserve account from which set aside program
16 funding would come, and the Department of Finance would
17 determine and authorize that funding to the CEC.

18 CHAIRMAN IMBRECHT: Is there a funding source for
19 that fund?

20 COMMISSIONER EDSON: That's the question.

21 COMMISSIONER IMBRECHT: Yeah, I've been around
22 these -- it would be very helpful to me if I had a copy of
23 the bill rather than --

24 MS. STETSON: I have a copy right here.

25 COMMISSIONER SCHWEICKART: Mr. Chairman, I'd also

1 like to comment on this for the Commission, that the -- this
2 is a very closely tied piece of legislation with the
3 contingency plan, which is shortly to come before the
4 Commission, and which the Contingency Planning Committee is
5 holding hearings on next week, in fact.

6 So that the whole issue of state set aside as one
7 of the elements of the contingency plan is something which
8 we will be recommending, though, perhaps a slight modifica-
9 tion from the current contingency plan to the Commission. I
10 would frankly, at this point recommend that we support this
11 legislation in concept, and identify to the Legislature in
12 transmitting that letter of support, potential amendments as
13 a result of the Commission adoption of the contingency plan
14 without being specific about what they are at this point.

15 COMMISSIONER GANDARA: Let me comment that it was
16 the Committee's consideration that indeed this bill was the
17 implementation of what was coming out of the contingency
18 work, and that when the Committee recommended this support
19 with amendments, it was, in fact, recommending the kind of
20 action that you suggest, Commissioner Schweickart, that the
21 bill be supported, but we felt that those amendments would
22 be changed over time, and probably be worked out as the
23 hearings on the contingency plan clarified.

24 With respect to the costs, the Committee recognized
25 as well that those accompanying costs would have to be

1 considered and budgeted at the time of the consideration of
2 the bill, and by the Legislature. Certainly it would be
3 very difficult to recommend the contingency plan implementa-
4 tion without that being a prime consideration.

5 As you know, the staff that was involved in the
6 set aside allocation was abruptly -- their operations were
7 abruptly terminated after the federal actions involving that,
8 so it doesn't -- it is not something that the Committee
9 contemplated would be absorbed by the existing staff, but
10 in fact, something that would be an add-on to functions that
11 we currently do not have within the Commission.

12 CHAIRMAN IMBRECHT: Okay. Well, I have no
13 hesitancy in supporting it with those appropriate disclaimers
14 and conditions, but you know, I certainly don't want to see
15 our difficulties advanced.

16 COMMISSIONER SCHWEICKART: Let me ask one question.
17 Sarah Michael sitting in front of you there on the left,
18 who's the head of the staff efforts in terms of the set
19 aside and other activities related to this. Sarah, do we,
20 in the contingency plan proposed at the moment, address the
21 issue of the funding source for the reserve account, or even
22 the reserve account itself, or only the operation of the set
23 aside?

24 MS. MICHAEL: Primarily the operation of the set
25 aside. I think we identify the reserve account, but look at

1 some mechanism during an emergency whereby general fund
2 monies would be transferred into it. But we haven't actually
3 gone into that.

4 COMMISSIONER SCHWEICKART: All right. So, then,
5 the technical issues of the set aside, you said they're
6 defined in the bill, would probably come up specifically
7 within the context of bringing the contingency plan before
8 the Committee -- I mean the Commission, excuse me, but the
9 funding aspects of it, and the source of supply for the
10 reserve account may be a somewhat separate issue.

11 CHAIRMAN IMBRECHT: Yeah. Well, I would just urge
12 that if we offer testimony in either Ways and Means or
13 Finance, that we indicate that we support it, relative to the
14 concept, but the qualification is that we cannot assume this
15 function without appropriate financial assistance.

16 COMMISSIONER SCHWEICKART: Aye.

17 CHAIRMAN IMBRECHT: Okay. Let's just move on that
18 one, is there objection to accepting that recommendation as
19 further refined? Okay. That will be the order. Number 2?

20 MS. STETSON: Number 2 is SB 4 by Senator Montoya.
21 It basically allows the PUC to award reasonable attorney
22 fees and expert witness fees and other reasonable costs,
23 what we commonly call the intervenor funding bill. It only
24 allows the PUC to make that funding, or that award when a
25 substantial contribution has been made.

1 That requires the PUC to adopt at least one of the
2 intervenors recommendations, and that the intervenor was not
3 duplicating another party's position. The Legislative
4 Policy Committee recommended support of that bill.

5 COMMISSIONER GANDARA: Let me fill out the
6 discussion a little bit here and indicate the Committee's
7 considerations in this matter. Some of these bills are
8 follow-ons from the spate of bills submitted last year in
9 the Legislature, and 36 that were there.

10 Now, the considerations this year were similar to,
11 in fact, what the Committee recommended last year, and that
12 is rather than just consider each bill by itself, what was
13 the overall concept that was being proposed, and that would
14 be supported by the Commission.

15 There are at least four different issues tied in
16 here. One is the intervenors support, one is the Citizens
17 Utility Board, one is the bill that addressed some adminis-
18 trative reforms within the PUC, and another bill had to do
19 with the public adviser within the PUC.

20 The position that the Committee took last year was
21 that the combination of public adviser, intervenor funding,
22 and some administrative reforms that were recommended at the
23 time were preferable to the CUB. The outcome in last year's
24 consideration was that the Commission was a neutral on the
25 CUB, and was in support of those other three items, the public

1 adviser, the PUC, the administrative reforms, and intervenor
2 funding.

3 The public adviser portion, Assemblyman Duffy's
4 bill, was passed. This year, this intervenor funding issue
5 was what was in 1380, and I indicate that the Committee's
6 consideration was similar in support of that, and it is part
7 of kind of a mosaic of changes or recommendations that really
8 fit together, so that in a sense, the SB 4 consideration
9 here and the CUB considerations are really rolled together.

10 That's the Committee's consideration that those
11 three efforts as a whole, would go a considerable way towards
12 satisfying the goals and aims, and perhaps a more effective
13 mechanism than indeed, perhaps, the CUB bill.

14 Now, there may be differences in point of view on
15 that, but I just wanted to give you the Committee's considera-
16 tion that it was not just on the bill itself, but in the
17 combination with the other elements.

18 CHAIRMAN IMBRECHT: Commissioner Commons?

19 COMMISSIONER COMMONS: Commissioner Gandara, in the
20 Committee, I think we had a significant discussion on -- the
21 discussion as to substantial contribution. Could you
22 enumerate that change that we suggested in the bill on that
23 area?

24 COMMISSIONER GANDARA: Perhaps you could refresh
25 my memory. I know we had a substantial discussion about

1 substantial contribution, but I guess the bottom line you're
2 asking for eludes me at this moment.

3 COMMISSIONER COMMONS: One of the reasons we went
4 to the intervenor rather than to the CUB, other than not
5 having to set up a whole other bureaucracy within the
6 government, was to allow individual groups throughout the
7 state to have an opportunity to come before the PUC.

8 In doing so, one of their qualifications is that
9 the residential customers presentation was innovative and
10 not duplicative of that made by any other party in the
11 hearing investigation or proceedings. Well, someone from
12 Chula Vista clearly isn't aware of what the presentation
13 that someone in Eureka is preparing to make, and if we had
14 a provision like that in the bill, no attorney, no group
15 would really be able to put together a fair presentation.

16 It also stated that the order or decision as
17 adopted, one or more factual contentions, legal contentions,
18 or specific recommendations presented by the residential
19 customer. Well, my goodness, on that basis, if I had to be
20 on that, I wouldn't get paid here, because I'm usually in
21 the minority it seems, and just because you lose on a 3-2
22 vote doesn't mean that you haven't made a substantial
23 contribution.

24 So, I think those two items ought to be excluded.
25 I think there's also the other defect which wasn't discussed

1 so much, and it wasn't clear earlier today that we were
2 going to, in fact, go ahead with this, and I think at least
3 I was one who felt we should, is that the Energy Commission
4 and other state agencies should be included, why only the
5 PUC?

6 If someone needs a right to intervene, I believe
7 the utility is represented here that the ratepayer is picking
8 up the cost, and it is difficult, and maybe even more
9 difficult sometimes to persuade this body, I am so told, as
10 the PUC.

11 I think at the PUC it's probably stronger in that
12 it is a definite ratemaking situation, but even businesses
13 who come and testify here, it is a tax deductible item, and
14 it is not a tax deductible item as far as an individual. At
15 least coming from the Energy Commission itself, I would feel
16 uncomfortable if we were not to extend Senator Montoya's
17 bill to at least include ourselves.

18 CHAIRMAN IMBRECHT: Let me just say that having
19 spent six years in the minority in the Legislature, I can
20 appreciate -- you shouldn't feel alone, it's not a unique
21 experience, you're right, substantial contributions can be
22 made from that perspective. One thing --

23 COMMISSIONER GANDARA: Since everybody is claiming
24 minority status, let me contribute my own, having spent my
25 whole life, I can assure you --

1 (Laughter)

2 CHAIRMAN IMBRECHT: I read the demographics, soon
3 you're going to be a majority in California, so I --

4 One thing I would just note, though, in terms of
5 intervening here, I guess we are unique amongst state
6 agencies, certainly amongst state regulatory agencies in
7 that we have a Public Adviser's Office which is designed to
8 assist the ability of parties that do not have sophisticated
9 resources, or even the ability to appear personally to
10 ensure that their comments are presented.

11 That's the only -- there is a mechanism here, to
12 an extent, currently, that does not exist before the PUC.

13 COMMISSIONER COMMONS: I would like to request, I
14 think we do have someone here from the Public Adviser's
15 Office, as to their feeling as to whether it would be
16 helpful in these proceedings to so extend.

17 COMMISSIONER GANDARA: Let me comment before we
18 do that. Commissioner Commons has made two points, let me
19 address each one of them. I do recall now the substantial
20 discussion on substantial contribution, and perhaps it was
21 left unclear, perhaps it was not a resolution that I thought
22 had been reached.

23 The way I read the language in the proposed bill
24 was that it was not limiting in its language but that in
25 effect, by making those specifications, was encouraging some

1 criteria by which some intervenor funding would be
2 guaranteed.

3 The PUC currently, for certain types of proceedings,
4 apparently does allow some intervenor funding, and it was my
5 reading of the specifications here that they were not
6 intended to be limiting, but were intended to assure some
7 kind of funding.

8 The bottom line of it was, however, is that -- was
9 that I felt that while we would support the bill, that those
10 considerations that the Committee took into account, and
11 that Commissioner Commons went through, would be relayed to
12 the author, and that in fact, that we work on removing
13 whatever might appear to be constraints and encourage them.

14 On the second point, on intervenor funding at the
15 Energy Commission, this is a new point. It was not brought
16 up before the Committee. I've heard it for the first time.
17 Let me say, there's no disagreement here among the Committee.
18 I would support that as well.

19 The current position of the Public Adviser here,
20 by regulation, is that it cannot act as an advocate for any
21 particular interested party, it just has to assist the public
22 very broadly, so if it acts within its regulatory direction,
23 it really, you know, would not be able to represent outside
24 interests, in which case the intervenor funding would apply
25 equally well here, as it would at the PUC.

1 The only distinction that would then be made,
2 whether in fact there is the kind of demand here that there
3 would be there, but in our siting cases, I think that
4 oftentimes it probably would have been helpful to some
5 intervenors on that.

6 So, anyway, that's -- I don't know if that requires
7 any comment now by the Public Adviser, and I'd be interested
8 in hearing your point of view, though I don't think it would
9 be substantially different.

10 CHAIRMAN IMBRECHT: Let me ask, is there anyone
11 in the audience who wishes to offer comments or testimony on
12 this issue? All right, fine. Is there objection to adopting
13 the Committee's recommendation as modified? Hearing none,
14 that will be the order.

15 COMMISSIONER COMMONS: Point of information.

16 CHAIRMAN IMBRECHT: Yes, Commissioner Commons.

17 COMMISSIONER COMMONS: I'm not sure if the
18 secretariat knows how it was modified, since I do not.

19 CHAIRMAN IMBRECHT: I thought you modified it.

20 COMMISSIONER COMMONS: Well, I want to make sure
21 that Commissioner Gandara and myself are in concurrence as
22 to the modification, because I think on a legislative matter
23 we should not have an ambiguity.

24 CHAIRMAN IMBRECHT: All right. The modification
25 as we recommend it, as I understood it, let's see if I can

1 arbitrate this. That we would recommend to the Senator that
2 the bill be amended to ensure that there not be any artificial
3 impediments by virtue of the substantial contribution
4 language to actually encouraging participation in such
5 proceedings without specifying precisely what those
6 modifications would be, but to call it to his attention,
7 our concerns relative to that issue. Is that accurate?

8 COMMISSIONER GANDARA: That's correct.

9 CHAIRMAN IMBRECHT: Okay.

10 COMMISSIONER COMMONS: Well, plus for the
11 secretariat's information, the inclusion of the Energy
12 Commission and --

13 CHAIRMAN IMBRECHT: Oh, excuse me.

14 COMMISSIONER COMMONS: And it wasn't clear, are
15 we including other state agencies, since we hadn't discussed
16 it, even though it was raised.

17 COMMISSIONER GANDARA: Well --

18 CHAIRMAN IMBRECHT: Well, you know --

19 COMMISSIONER COMMONS: Do you want to restrict it?
20 It's at the pleasure of the Presiding Member as far as I'm
21 concerned.

22 COMMISSIONER GANDARA: My recommendation was
23 intervenor funding in siting cases.

24 CHAIRMAN IMBRECHT: Yeah. I personally think it's
25 kind of inappropriate to -- there's an old rule on the other

1 side of the street, when you come up with those things, you
2 say, you know, you can introduce your own bill. And the
3 Senator introduced a bill to address the issue of PUC issues,
4 and I think we are -- it's appropriate for us to comment on
5 that, but not to suggest he expand it to a statewide scope
6 or all state agencies.

7 COMMISSIONER COMMONS: Fine. I just did not want
8 to have the ambiguity.

9 CHAIRMAN IMBRECHT: All right. No. 3.

10 MS. STETSON: The next group deals with Citizens
11 Utility Boards. There are three bills, AB 45 - Chacon,
12 SB 340 by Senator Greene, and SB 399 by Senator Rosenthal.
13 The Legislative Policy Committee, as Commissioner Gandara
14 suggested, was to remain neutral on these and support an
15 intervenors bill rather than the CUB bill.

16 If you'd like, I can go through the differences
17 between the bills.

18 CHAIRMAN IMBRECHT: Well, let me ask, is there
19 objection on the Commission to adopting the Committee's
20 recommendation? Is there anyone in the audience that
21 wishes to testify? Hearing none, that will be the order.

22 Okay. Now we move on to the CWIP bills.

23 MS. STETSON: There are two CWIP bills, AB 19 by
24 Katz, and SB 256 by Garamendi.

25 CHAIRMAN IMBRECHT: What was the recommendation on

1 this, Arturo?

2 COMMISSIONER GANDARA: On the CWIP?

3 MS. STETSON: Neutral.

4 CHAIRMAN IMBRECHT: Oh, I'm sorry, right here,
5 neutral.

6 COMMISSIONER GANDARA: Neutral.

7 MS. STETSON: We basically recommended a neutral
8 position on AB 19 and on SB 256. The Legislative Policy
9 Committee this year felt, if I recall properly, and
10 Commissioner Gandara can correct me if I'm wrong, that this
11 bill would limit the PUC's ability to regulate their
12 utilities, and although the Committee has no -- does not
13 approve CWIP, and believes that the PUC has no reason to
14 reverse its historic practice of disallowing it, that the
15 statute should not limit the PUC's ability in this area.

16 COMMISSIONER GANDARA: The Committee's considera-
17 tion in this matter was that if it's not broken, don't fix
18 it, and the situation is here that it has been an area in
19 which there has been no divergence of policy here between
20 the PUC and the Energy Commission, and that rather than have
21 the operative provision of the exemptions of the bill which
22 call for a -- you know, that in fact CWIP would be allowed
23 if a utility was under extreme financial distress, the
24 definition of what extreme financial distress would be and
25 so forth, it just seemed to the Committee that absent any

1 indications that particular policy is under a change, that
2 the mechanism of the PUC, the whole idea of creating a
3 separate technical regulatory agency is so that it would
4 have the discretion to be able to deal with these particular
5 issues, and it just saw no particular reason for the bill at
6 this time.

7 In terms of history, there were two similar bills
8 introduced last year, Senator Garamendi's bill was not one
9 in which there was a position taken on by the Commission. I
10 believe in the combination of bills, we approved in concept,
11 support of Assemblyman Katz's bill.

12 CHAIRMAN IMBRECHT: Do I hear objection to the
13 recommendation of the Committee?

14 COMMISSIONER EDSON: I'd like to make a comment.

15 CHAIRMAN IMBRECHT: Commissioner Edson?

16 COMMISSIONER EDSON: I don't necessarily object
17 to the recommendation, but I would appreciate some assurance
18 that in any correspondence conveying that position on the
19 legislation that we explain the position the Commission has
20 taken in past years, and not policy opposition to the
21 concept of CWIP, and actually explain the rationale that
22 you just went through, and articulating the reasons for our
23 neutral position.

24 CHAIRMAN IMBRECHT: Yeah, I think that would be
25 appropriate. Okay. With that modification, is there

1 objection to adopting the Committee's recommendation? Anyone
2 in the audience wish to be heard? Hearing none, that will
3 be the order. And last, the residential retrofit.

4 MS. STETSON: Right. AB 157 by Assemblyman
5 Hannigan is basically a redraft, or a clean-up version of
6 the mandatory retrofit bill of last year by Assemblyman
7 Levine. It deals with the Big Six measures, requires those
8 measures to be installed at time of sale, but has a different
9 mechanism than the Levine bill had last year.

10 It would require the County Recorder to certify
11 that the home actually met the requirement, that the home
12 was actually retrofitted.

13 COMMISSIONER GANDARA: If I might explain the
14 Committee's and the Presiding Member's consideration in this
15 matter. It -- first of all, let me reflect that in the
16 bill analysis, it indicates that the prior CEC position was
17 that no formal CEC position on AB 781, predecessor of this
18 bill, was taken by the Commission.

19 It is my recollection that, in fact, that is the
20 case and that I presume that the OGA, you know, made this
21 statement with reviewing that. Commissioner Schweickart
22 has brought it to my attention that that might not be the
23 case. So, there's a bit of confusion on that.

24 MS. STETSON: Let me go back. In looking through
25 our files, there was no formal letter or position taken on

1 AB 781 last year. However, there was a long standing
2 position that the Commission support mandatory retrofit and
3 based on a previous commitment to AB 3046, which was Levine's
4 former mandatory retrofit bill, we pursued support of 781,
5 and I believe that was a position that was established before
6 I came here.

7 COMMISSIONER GANDARA: Well, let me say that there
8 must have been some confusion. I accept that as being the
9 case. However, on 781 itself, there was no position taken.
10 The Presiding Member's consideration in this matter is based
11 largely on the benefits to be accrued, versus the burdens
12 that would be imposed in the transfer of title, and you
13 know, with respect to implementation of this bill.

14 The staff has included my request, the table on
15 conservation quantification from the final electricity
16 report that indicates that of that conservation potential
17 that the mandatory retrofit in the 20th year is not as
18 significant as many of the other programs we have at the
19 Commission.

20 At the time of the hearings of the electricity
21 report, it also appeared that some of the existing retrofit,
22 existing utility programs, and accomplished retrofit numbers
23 had indicated substantial penetrations in that area.

24 Beyond that, if you compare the expected conserva-
25 tion in mandatory retrofit of 392 gigawatt-hours compared to

1 the total forecast demand for gigawatt-hours in the year
2 2002, would be around 240,000 gigawatt-hours. We're talking
3 about .16 percent of the demand.

4 In addition to that, the suggested modifications
5 by Commissioner Commons would apply that only to multi-
6 family units, and I don't recall the split exactly, but is
7 at the current time it might be like an 80/20 percent split
8 between residential single family dwellings and the multi-
9 family units.

10 With a forecasted period of 20 years, even if
11 that percentage were to change to as much as 50 percent,
12 which is unlikely, that's taking into account mainly multi-
13 family construction, we're talking about a .08 percent
14 savings in the total forecasted demand, and frankly, it was
15 at least this member's judgment that the expected conserva-
16 tion savings from a mandatory retrofit program might not
17 warrant the disruption that would occur in the transfer of
18 title and in the marketplace.

19 Now, there is another bit of confusion here in
20 that it was also my recollection that with respect to the
21 policies enunciated in the Biennial Report, there was at
22 least an indication at that time of these kinds of limited
23 savings, and that it was my understanding, at least my
24 position that the -- we changed the orientation from a
25 mandatory retrofit to uniform statewide retrofit, and that

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1 with that change, it was my understanding that what we were
2 supporting was indeed retrofit, some uniformity among that,
3 among programs, and so forth, but that it was not clear to
4 me that that was also not a change in the historic position
5 of the Commission with respect to mandatory retrofit.

6 CHAIRMAN IMBRECHT: Okay. Are there other
7 Commission comments? Commissioner Schweickart?

8 COMMISSIONER SCHWEICKART: Yes, sir. This is an
9 issue which has been before the Commission for quite some
10 time, and for that matter, before the Legislature, as I'm
11 sure you recall, for quite some time. In fact, what's
12 proposed by the Committee is -- would represent a substantial
13 change in the Commission's position.

14 Biennial Report 2, 3, and 4, all of which I
15 have excerpts from before me, recommended retrofit -- a
16 retrofit bill of one kind or another. In the -- Commissioner
17 Gandara is correct to the extent that in BR-4, and at his
18 insistence, frankly, an amendment was made to the recommenda-
19 tion which removed the word "mandatory retrofit" and
20 inserted "uniform statewide provisions for assuring retrofit".

21 It was understood, certainly by me, and I can't
22 speak for the rest of the Commission at the time, that that
23 was nevertheless supporting a retrofit bill. Certainly, from
24 my perspective, the Commission has not, and should not back
25 away from that.

1 In terms of the energy savings, Commissioner
2 Gandara tends to emphasize in his consideration, or in his
3 argument and presentation of the matter, to the extent of
4 including a table from the electricity report, the electricity
5 savings, and comparing them, for example, with appliances.

6 I would suggest that if one compares electrical
7 appliances with natural gas heating and water heating, that
8 one finds appliances being considerably more powerful.
9 However, we're talking here about measures which by and
10 large represented -- are represented in the area of natural
11 gas in terms of savings, and should not be compared solely
12 on an electricity basis, though they do save substantial
13 amounts of electricity, compared with other conservation
14 measures which the Commission strongly supports.

15 Rather than comparing this program with the total
16 demand for electricity in the year 2002, I think what we
17 should do is compare it with, in fact, other conservation
18 programs which the Commission is directly responsible for
19 and/or supports outside of its jurisdiction.

20 In that regard, in fact, from a series of tables
21 which appear not only in the current Biennial and Electricity
22 Reports, but also in the staff's analysis of conservation
23 quantification in the development of the Biennial Report,
24 residential retrofit in fact provides a greater savings than
25 all other residential conservation programs combined, and

1 including tax credits, RCS, OII-42, voluntary penetration of
2 retrofit, and one other -- oh, local government initiative.

3 Now, on those grounds, it does not -- I am
4 certainly not supportive of what I would see as a major
5 shift in Commission policy on this matter.

6 CHAIRMAN IMBRECHT: Let me try to wade into this
7 briefly. I -- my inclination, relative to the issue
8 currently, is that we not take a position today. Not that
9 we declare a neutrality which would indicate is a -- suggest
10 a, perhaps a change in policy, but rather, I think we should
11 instruct our legislative staff to track the progress of this
12 bill.

13 As I look at it, it appears to me that it
14 basically reflects what is a typical tactical procedure
15 within the Legislature, and my sense is that it's likely to
16 be amended in some substantial fashion as it moves along.

17 I also understand that a lot of the players that
18 are involved in this issue, i.e., those that may have been
19 in support in the past, may not be in support of this
20 particular piece of legislation. I'd like to have a better
21 understanding of exactly who those in favor, and those
22 against actually are.

23 Finally, I'd like to see what the bill looks like
24 when it emerges from the Policy Committee, and then perhaps
25 raise this matter again. I'm sensitive to Commissioner

1 Schweickart's concerns about backing away from something I --
2 my recollection is I voted for this. I would kind of like
3 to look at my --

4 COMMISSIONER SCHWEICKART: That's right, you did.

5 CHAIRMAN IMBRECHT: Is that the voting record
6 there?

7 COMMISSIONER SCHWEICKART: Yeah.

8 (Laughter)

9 CHAIRMAN IMBRECHT: Yes, well, I wanted to go home
10 and look at my record. But in any case, I think that it
11 would be prudent at this point to just defer action on this
12 measure, and then get a further report as to what form the
13 bill is in as it moves along in the process.

14 Ultimately, I'm not sure that our action on an
15 issue that I think still has some sensitivity associated
16 with it, and particularly in the context of what's going on
17 in the Legislature right now relative to the new residential
18 building standards, this might not be the wisest time to
19 wade right into this one, but that's just my general sense
20 of the matter.

21 COMMISSIONER EDSON: I'd like to offer a few
22 comments. In regard to your last point, I think one of the
23 arguments I've heard various builders make against the
24 residential building standards is that they place a dispro-
25 portionate burden on new building in California.

1 I think it is a statement of our commitment to
2 raising the quality of the building stock in this state, and
3 reducing the amount of unnecessary use of electricity and
4 natural gas. The Commission has historically supported a
5 mandatory retrofit program.

6 It's also an indication of the Commission's
7 concern that existing conservation incentive programs are
8 having a very difficult time making major penetration in
9 this area. We know, for example, that a very large percent-
10 tage of the state's residents are renters, that many of
11 those people live in single family homes, and that there is
12 literally no incentive for a landlord to do the -- install
13 the energy conservation measures that will help those people,
14 many of whom are very low income, deal with rising utility
15 bills.

16 I think before I'm willing to say whether I think
17 we should defer taking a position, I'd be interested in
18 hearing what the schedule is of pending legislative hearings.
19 I'd hate to see us end up in a position, or end up with no
20 position if a key legislative hearing is coming in the
21 Legislature.

22 I think we've been looked to for analytic support
23 in this area, and we have been looked to for, I think policy
24 support in this area over the past several legislative
25 sessions.

1 CHAIRMAN IMBRECHT: Okay. Luree, can you respond
2 to Commissioner Edson's --

3 MS. STETSON: Right. As I understand it, the bill
4 is not set yet, but it is a fiscal bill, and it will have to
5 be out of its first Policy Committee by April 29th. My
6 sense is, it will probably be heard the first or second
7 week of April. I can get that information for you in a few
8 minutes and get back to you.

9 CHAIRMAN IMBRECHT: So, we would have another
10 business meeting prior to its likely Policy Committee
11 meeting?

12 MS. STETSON: Unless it's set for April 4th or
13 5th, and I can check on that in the next few minutes if you'd
14 like me to.

15 CHAIRMAN IMBRECHT: Okay. The only other thing
16 I would mention, there are some programs currently underway,
17 at least in Southern California, I think they are in
18 Northern California as well, that provide direct rebates to
19 the customer as opposed to the landlord for retrofit, and
20 actually under a number of circumstances, provide a direct
21 cost, or a dollar benefit to people putting it in. I think
22 you get \$21 back for a low-flow shower head which costs
23 \$6 or \$7 under the Southern California Gas Program.

24 COMMISSIONER EDSON: Let me, I'd like to offer --

25 CHAIRMAN IMBRECHT: Unless you've got a lot of

1 showers in your house, you're probably going to make out
2 okay on that one, and so I --

3 COMMISSIONER EDSON: I think that program actually
4 has been very successful since it was implemented.

5 CHAIRMAN IMBRECHT: I applied for it myself.

6 COMMISSIONER EDSON: I should note, though, that
7 the Public Utilities Commission recently decided that
8 beginning April 1st, you cannot obtain a rebate unless you
9 install all Big Six of the measures, which includes high
10 cost ceiling insulation.

11 So, I think that it is very likely we'll see the
12 use of that program fall off very substantially.

13 CHAIRMAN IMBRECHT: I wonder how that works, because
14 I -- the type of house I have, I cannot install ceiling -- I
15 mean, I have no attic basically, and I checked, I personally
16 checked with the gas company, and they told me that it was
17 not covered, and even if I put insulation in a six inch
18 space that I would not be eligible for the rebate.

19 Mr. PUC?

20 MR. FOLEY: I think that's the case, but --

21 CHAIRMAN IMBRECHT: So then I'm disqualified for
22 the entire program? I think I want to intervene.

23 (Laughter)

24 COMMISSIONER GANDARA: I'm glad to hear that, we
25 have SB 3 coming.

1 COMMISSIONER SCHWEICKART: Let me just make one
2 comment. I'm also concerned with the issue of when the
3 Commission should wade in on this matter. I think it's not
4 one which I am happy for a number of reasons, including the
5 fact that I will not be present on the 6th of April business
6 meeting, and we will likely go to policy -- it will appear
7 in Policy Committee in all likelihood prior to the two weeks
8 thereafter.

9 As I say, it is an issue, which as we've looked at
10 it, and a good deal of work has been done on this bill over
11 the years, we have also had a chance, as has the PUC, to
12 look at many of the other incentive programs for achieving
13 retrofit conservation in the form of low interest loans, and
14 the ZIP Program, and other incentives.

15 The result, although I'm speaking here in a fairly
16 arm leading way, nevertheless, I think there's a good bit
17 of background that supports it, the result has basically
18 been, or the conclusions have basically been that the people
19 who tend to take advantage of the programs are middle,
20 upper-middle and upper income people, notwithstanding the
21 fact that the desire on the part of the initiators in most
22 cases has been to provide access to capital for low income
23 people.

24 But we have not seen the kind of directed penetra-
25 tion or even uniform penetration, let alone directed, which

1 this bill on passage would clearly require. The only
2 biasing then would be the rate of turnover of low income
3 occupancy versus others. But it is one -- it is a mechanism
4 which I join with many others who are somewhat reluctant to
5 see governmental mandates.

6 Nevertheless, because of the low income and the
7 rental situation, there are virtually no other ways to
8 assure that these energy savings, cost-effective though they
9 clearly are, are achieved.

10 So, I find notwithstanding that in any initiative
11 of this kind, whether through incentives in which case one
12 deals with who pays the benefits, or whether in terms of
13 mandate in which case there will certainly be some people
14 who perhaps will be disadvantaged.

15 On the whole, I frankly support the program moving
16 forward, and that the Commission address the issue in a way
17 which is timely in terms of its passage through the
18 Legislature, and in particular in any critical committee
19 hearings.

20 CHAIRMAN IMBRECHT: I think Mr. Geesman has some
21 information of interest.

22 EXECUTIVE DIRECTOR GEESMAN: Historically, we've
23 worked pretty extensively with the realtors in trying to
24 shape an implementation mechanism that could make this type
25 of bill effective. The current bill changes that

1 implementation mechanism somewhat, and as a consequence, the
2 realtors are not supportive of it, or at least at this point
3 are not supportive.

4 In the past, that's been the type of instance
5 where we've chosen to support an idea in concept, but held
6 off any formal endorsement until we can work out those types
7 of problems.

8 COMMISSIONER SCHWEICKART: Well, it's not entirely
9 clear, John, from my understanding that the drop of support
10 by the California Realtors is related to the implementation
11 method. Can you confirm that that is the case?

12 EXECUTIVE DIRECTOR GEESMAN: I think that's the
13 chief one they have mentioned.

14 MS. STETSON: Let me add to that, that I have
15 talked to the realtors and that is one of their major
16 reasons, however, they also are concerned because their
17 sense is that the real world last year has shifted, and that
18 local ordinances aren't going through as quickly as they had
19 seen last year.

20 So, therefore, there's not the impetus to support
21 a bill like this this year.

22 CHAIRMAN IMBRECHT: Commissioner Commons?

23 COMMISSIONER COMMONS: I don't think that there's
24 any advantage in this instance to a delay. I think we all
25 have positions, it's something that we've looked at.

1 Commissioner Imbrecht has already had a position publicly.
2 I think Rusty has established --

3 CHAIRMAN IMBRECHT: Not on the same bill.

4 COMMISSIONER COMMONS: Not on the same bill, but
5 on the broad concept. I think when we take positions, we
6 have a responsibility, no matter if the position I have is
7 supported or not, is to try to implement and be effective.
8 Like in most things that we do here, it's not if we're for
9 something or against something, it's the actual detail that's
10 in the bill that has such a great effect in terms of how
11 good or how bad the bill is, and it's working with the
12 Legislature, working with the consultants and the staff to
13 the Legislature in trying to improve a bill.

14 If we don't have a position in a particular area
15 as to the direction we're going, such as our Executive
16 Director suggested, that is an agreement in concept, as to
17 what that concept might be, I think that's something we
18 should discuss today.

19 But I tend to think that we have a responsibility
20 to the state, to the Legislature, and to the people where we
21 have expertise, is to express a viewpoint, and that should
22 be done early rather than late, that we should not be in the
23 response mechanism, we should rather be in the development
24 mechanism. So, I could not go along at this time with a
25 delay.

1 As to the actual position that I think the
2 Commission takes, I'm probably in-between in this instance.
3 I first of all agree with Commissioner Schweickart that the
4 gains from retrofit are really substantial. I had originally
5 suggested that it might be multi-family, whether that should
6 be all rental units, or units of four units or above, that's
7 something that I would like to hear what the other
8 Commissioner's viewpoint is.

9 But I don't think the marketplace works there, and
10 I think this is the place where people are really being hurt,
11 and that we have a responsibility -- the payback period is
12 excellent, the cost-effectiveness is excellent, and the
13 market is just not working, and at least that far, we have
14 to go.

15 As to whether or not we should go to the single
16 family area, there the problems become a little more
17 difficult. First of all, it's not like in a new building
18 situation where the builder is putting up the building, and
19 I as the potential buyer have the ability to -- don't have
20 the ability to say what I'd like to see happen. That
21 doesn't exist in this instance.

22 I am the owner, I have the right to retrofit my
23 building if it's cost-effective, so you don't have that.

24 You secondly have a situation where when most
25 people move, it's often under conditions that you'd prefer

1 not to. I may have lost my job and had financial problems,
2 or I may have been transferred on my job, oftentimes it's
3 because I've passed away. People who are living on fixed
4 incomes have a particular difficulty in terms of financing
5 and doing this.

6 Well, when you get to rental property, then it's a
7 business and you don't have those same problems.

8 On the financing side, the argument goes the other
9 way. We try to finance the single family home by giving
10 bonuses, or rebates, we're actually making the non-
11 participant pay, and is that fair to have the nonparticipant
12 pay where really the people who are the lower income, and
13 the ones who need it the most have the inability to pay and
14 do those programs, and so they're actually subsidizing
15 middle and upper-middle income persons.

16 I think it's a lot closer there. I would tend
17 away from the single family in that there appears to be a
18 number of areas in the state where it is not cost-effective,
19 the payback periods are five, six, or seven years, that the
20 difficulty in terms of moving houses at times of sale, and
21 the complexity of it would be such that at least for a single
22 family owned, I would not feel at this time the necessity
23 or a reason to go that far.

24 But if it were a question of being neutral, or
25 having a retrofit, I would prefer the retrofit. I would

1 prefer, though, that we had a retrofit that was addressed
2 primarily to the rental, be it multi-family or all rental
3 property.

4 CHAIRMAN IMBRECHT: Okay. Commissioner Gandara,
5 and then let's try to move to the decision.

6 COMMISSIONER GANDARA: Yes. Well, I would also
7 agree that perhaps we ought to move ahead and make a
8 decision on it today, it appears people are prepared to do
9 that. However, in doing so, I'd like to address some of
10 the points that were brought up.

11 First of all, my particular position is, I support
12 retrofit, and I support some uniformity in retrofit, and I
13 even support it statewide. I think mandatory is another
14 issue, and the first issue is that really, I don't think the
15 numbers are there, and let me address some of the comments
16 Commissioner Schweickart made.

17 First of all, I apologize to the other Commissioners
18 for not including the gas savings. There was no intent by
19 me whatsoever to shortchange the appearance of the savings
20 here, but frankly, it isn't clear to me that the numbers
21 that Commissioner Schweickart's relying upon represents the
22 true numbers that are there in retrofit for the following
23 reasons.

24 The table that I've included is from the Electricity
25 Report that was adopted by the Commission. The document

1 Commissioner Schweickart is reading from is staff documenta-
2 tion for support of their demand forecast submittal in
3 August. The staff documentation and the staff numbers for
4 the conservation quantification mandatory retrofit changed
5 substantially between June and August.

6 In June, when that submittal was made, and I refer
7 you to the demand forecast submittal and technical documenta-
8 tion, it was surprising, I think, to most participants in
9 the process that mandatory retrofit on both the electricity
10 and the gas were not that significant.

11 There is a table in that demand submittal that
12 graphically illustrates both the gas and the electricity
13 side. Now, as we proceeded toward the final adoption, and
14 I don't wish to re-raise old issues, a major issue, however,
15 was with respect to the Committee's definition of conserva-
16 tion least expected to occur.

17 There was a disagreement between the parties and
18 between the Committee's definition and the staff position on
19 that definition, and in support of the staff position, the
20 conservation quantification was redone. There were a number
21 of technical corrections as well as other changes that were
22 made, the result of which is that the conservation quantifi-
23 cation, by August, was considerably larger, and indeed, they
24 result in the numbers that Commissioner Schweickart read.

25 The -- I do not know as of this time, whether those

1 numbers are consistent or not consistent with the adopted
2 forecast. They may be; they may not be. However, I do note
3 that in any case, that those numbers were part of an
4 advocacy submission with respect to the demand forecast, and
5 that when I looked back to include some of the gas numbers
6 here, I frankly did not want to include numbers that I felt
7 were not correct. I don't know whether they are or they're
8 not.

9 But in any case, let me say that I do recognize
10 that the gas savings are larger. I still do not feel that
11 they are that significant that it would cause us to support
12 something that would introduce an impediment in the transfer
13 of title.

14 With respect to whether mandatory retrofit is done
15 for or on behalf of the low income, I have, indeed, some
16 concerns in that area. In fact, I have strong concerns that
17 such a program would result in higher rents for the renter.
18 I have some concerns that in a number of areas of the state
19 that the cost of rental housing for low income has resulted
20 in rent control, generally prohibitions on increases in rent
21 are lifted whenever there are state mandates.

22 It results in an immediate increase in rents to
23 cover not only the cost of any required modification to a
24 dwelling, to a rental unit, but also to -- for the provision
25 of a rate of return on that investment by the renter.

1 In Los Angeles where I have considerable
2 experience with respect to rental property, it has been a
3 considerable concern that the turnover, the turnover of
4 ownership of rental units among the category of housing that
5 is available to the lower income, and to people who are on
6 fixed incomes is such that the transfer occurs very rapidly,
7 and that any additional state mandates in this area would
8 be, in my view, present a situation that would provide an
9 occasion for increases in rents far beyond what the costs
10 might be.

11 I support retrofit. I support the weatherization
12 programs. I was pleased to see the allocation that we
13 passed on this morning. I support retrofit and weatheriza-
14 tion programs both in the single dwellings as well as multi-
15 family units.

16 However, I really do not feel that the numbers,
17 that the numbers indicate that the kind of disruption that
18 would be offered by mandatory retrofit warrants the benefits.
19 So -- warrants the costs.

20 So in any case, my position is clear on it. I
21 recommend a neutral position despite my feelings about the
22 numbers in this area, but my recommendation is based
23 precisely on some of the considerations that the bill may
24 change as it goes through. I would fear that the attachment
25 of support that we have had does not reflect the numbers or

1 the analysis that we have made in this area, and so therefore
2 I would think that it would be poor policy to continue to
3 promote something where the numbers don't indicate it.

4 So, I would be ready to move on it, again to
5 support at least the Presiding Member's recommendation on
6 that.

7 CHAIRMAN IMBRECHT: If I'd known this was a vote
8 against rent control, I might have to reconsider. That is
9 another thing that I have a clear position on.

10 Okay. Well, I guess the appropriate way to handle
11 this is I assume we have a motion --

12 COMMISSIONER GANDARA: I move that --

13 CHAIRMAN IMBRECHT: -- that the Committee Report
14 be adopted.

15 COMMISSIONER GANDARA: Presiding Member's, I guess.

16 CHAIRMAN IMBRECHT: I will second that, and then
17 I assume others might have a substitute motion.

18 COMMISSIONER SCHWEICKART: Well, I would offer a
19 substitute motion that the Commission support the --
20 indicate support for the bill.

21 COMMISSIONER EDSON: I'll second that.

22 CHAIRMAN IMBRECHT: Okay. The motion before us
23 is support for the bill, for the reason I enumerated, I
24 share concerns about the impediment of transfer of title,
25 and I want to make sure that this is a mechanism currently

1 that is one we're willing to -- or that makes sense to
2 support, and that's why I would not be prepared to vote for
3 that motion.

4 At the same time, I would be prepared to support
5 in concept the issue of retrofit, but --

6 COMMISSIONER SCHWEICKART: Mr. Chairman, let me
7 just say that prior to a vote on this matter, that although
8 it's quite clear that any additional requirement is
9 burdensome in the sense that it does take additional inten-
10 tions by someone at the time of the transaction.

11 It's difficult for me to believe that it has any
12 serious consequences in that from one state to another a
13 termite inspection may be required, a this, or a that, or
14 the other thing may or may not be required, and ultimately,
15 I doubt seriously that a decision of whether or not to sell
16 or to buy a home, or an apartment building as an investment
17 is going to be influenced one way or another by a particular
18 requirement, especially one which clearly results in a
19 payback on an investment.

20 COMMISSIONER EDSON: Let me -- Mr. Chairman, I
21 had heard you indicate just now that you supported retrofit
22 in concept. Let me offer a suggestion to the maker of the
23 substitute motion, that it be adjusted slightly to recommend
24 -- substitute a motion which recommends supported concept
25 for this legislation, with the suggestion that the staff

1 continue to work with the realtors and the other interested
2 parties to resolve the questions that have been raised about
3 problems in transfer of title, et cetera.

4 COMMISSIONER SCHWEICKART: I would accept that.

5 CHAIRMAN IMBRECHT: Well, my problem is,
6 considering the sensitivity thing, before I -- I'd like to
7 see exactly what is intended by the author relative to the
8 changes there, and I mean -- well, let me understand. How
9 do you represent the Commission under those circumstances,
10 we support in concept, but we do not formally support this
11 bill, is that the way you --

12 MS. STETSON: Whatever you want.

13 (Laughter)

14 COMMISSIONER SCHWEICKART: We don't have any deep
15 categories here.

16 CHAIRMAN IMBRECHT: All right.

17 EXECUTIVE DIRECTOR GEESMAN: I think you might be
18 able to indicate support in concept, but problems with the
19 implementation mechanism, remembering that we spent a great
20 deal of time in the last several years working on an
21 implementation mechanism with the realtors that apparently
22 has been abandoned in this bill.

23 MS. STETSON: Yes. The bill has been totally
24 redrafted to make it more easily implemented. Unfortunately,
25 the way it was drafted by the staff consultant, it raises

1 other concerns now by realtors, land title, and some others.
2 I don't think those are unsurmountable by the author, it's
3 just a matter of sitting down with all the parties and
4 doing that.

5 COMMISSIONER GANDARA: I would appreciate a
6 clarification of the substitute motion. I mean, I support
7 retrofit in concept, I don't have any problems with that.
8 I mean the issue is, do we support mandatory retrofit. I
9 don't have any problems with supporting retrofit, problems
10 with the implementation, implementation mandatory is a
11 mechanism, is a problem.

12 So, I think we ought to be clear as to what we're
13 doing. Is the substitute motion a support of concept for
14 mandatory retrofit?

15 COMMISSIONER SCHWEICKART: Yes, it is a support of
16 the bill in concept, and clearly, a concept of the bill, I
17 mean, a basic element of the bill is mandatory.

18 CHAIRMAN IMBRECHT: The essential element. Let
19 me ask, what do we estimate to be the cost impact of the
20 retrofit required by the bill, what's the average cost per
21 home?

22 MS. STETSON: I think last year we talked about
23 \$500 or over.

24 COMMISSIONER SCHWEICKART: I would suggest here
25 we may want to have technical staff --

1 CHAIRMAN IMBRECHT: My recollection is the bill
2 that I voted for was amended in Ways and Means to set a
3 maximum ceiling on what could be required in the way of
4 retrofit costs, as well as another qualification that was
5 made to it so that it was not an open-ended kind of cost
6 impact on --

7 COMMISSIONER COMMONS: We've done the same thing
8 on air pollution control devices for automobiles.

9 CHAIRMAN IMBRECHT: That's correct.

10 COMMISSIONER COMMONS: It certainly reduces the
11 negative impacts substantially.

12 CHAIRMAN IMBRECHT: That's the reason I would like
13 to see -- know some of these other details before I move
14 forward, but I -- did you check and find out when they're
15 going to set this bill?

16 MS. STETSON: It is not set at this point, it is
17 tentatively going to be scheduled on the 18th.

18 CHAIRMAN IMBRECHT: Of May -- of April.

19 MS. STETSON: Of April.

20 CHAIRMAN IMBRECHT: But Rusty, you're not going to
21 be here on the 6th, the next date would be the 24th -- 20th.

22 COMMISSIONER COMMONS: Well, Mr. Chairman, I think
23 even though it may be difficult for us to arrive at a
24 position, that it's going to take the staff time to work with
25 the people on the bill, and they have to have a sense of

1 direction of the Commission now, because no matter what
2 position we take, there's going to be work required.

3 CHAIRMAN IMBRECHT: Well, I'll support in concept,
4 but I'd like to -- and that's the concept of mandatory
5 retrofit, but I would like to reserve the option of re-
6 raising this issue if -- and I'm not prepared to vote for a
7 bill that has open-end cost implications, nor one that has
8 transfer difficulties that are going to mean that the
9 significant constituency in the state that has to help
10 implement this thing is going to be against it.

11 COMMISSIONER COMMONS: Could we include in the
12 maker's motion that second part on the cost limitations,
13 because that would affect how I feel, without putting a
14 specific number.

15 COMMISSIONER SCHWEICKART: No, I would have to
16 understand that a little more before I could --

17 CHAIRMAN IMBRECHT: I cannot remember what the
18 ceiling was that was set last year, but it was Mills bill,
19 it was in Ways and Means that the ceiling was set, I
20 remember that quite clearly. It was pretty wordy too, as
21 I recall.

22 COMMISSIONER SCHWEICKART: In principle, if the
23 cost is very high, I doubt that we're talking about a low
24 income person whose home is being retrofitted, so that in
25 principle, I don't have a problem with the idea that there

1 may be a limit, which still meets the intention of all of
2 us in terms of achieving retrofit, but I would certainly not
3 be prepared to in any way commit to that without some
4 analysis, or at least reference to what was done last year.

5 But I also, let me say, Mr. Chairman, I also have
6 no problem with a support in concept at this point, with
7 further review by the Commission and work in -- along the
8 lines of implementation methodology, and --

9 CHAIRMAN IMBRECHT: Ceiling on the --

10 COMMISSIONER SCHWEICKART: -- and further analysis
11 of the ceiling, the appropriateness of ceiling costs. We
12 ought to be careful with that, it's like ceiling insulation,
13 a cost limit let me say.

14 CHAIRMAN IMBRECHT: That's right.

15 COMMISSIONER COMMONS: I could support that
16 concept.

17 CHAIRMAN IMBRECHT: Okay. Are you still opposed,
18 Arturo?

19 COMMISSIONER GANDARA: Yeah.

20 CHAIRMAN IMBRECHT: Okay, fine.

21 COMMISSIONER GANDARA: I can't wait for 1990,
22 though.

23 CHAIRMAN IMBRECHT: Maybe I don't understand that
24 inside joke, but --

25 COMMISSIONER GANDARA: Well, I don't know who made

1 the reference about 1990 earlier.

2 CHAIRMAN IMBRECHT: Oh, okay. All right, fine.
3 Well, let's record that as 4 to 1. I hope you understand
4 what was done. Record Commissioner Gandara as voting no.
5 All right.

6 COMMISSIONER EDSON: It's our chief of governmental
7 affairs who's going to have the difficulty.

8 CHAIRMAN IMBRECHT: You've got that sorted out,
9 Luree? I think you do, it's not -- it wasn't that complicated.

10 COMMISSIONER SCHWEICKART: It all comes out in the
11 letter.

12 CHAIRMAN IMBRECHT: I'll be listening on the
13 squawk box.

14 All right. Now, I think -- let's try to wrap up
15 the other things a little more quickly. Briefing on staff
16 interventions in Public Utility Commission proceedings.

17 MR. URBAN: We have nothing to report, and I
18 don't think the staff does either.

19 CHAIRMAN IMBRECHT: All right, fine. General
20 Counsel's Report?

21 MR. URBAN: I left for each of you a petition for
22 a writ of mandate in a lawsuit that's a rather straightforward
23 matter, and we're going to be referring that to the Attorney
24 General's Office to represent us, unless there's an objection
25 to that.

1 CHAIRMAN IMBRECHT: Without objection, that will
2 be the -- oh, excuse me, Commissioner Commons.

3 COMMISSIONER COMMONS: Is it appropriate to ask a
4 question of legal counsel on lawsuits at this time?

5 CHAIRMAN IMBRECHT: Certainly.

6 COMMISSIONER COMMONS: If you think it is
7 appropriate to answer this question --

8 CHAIRMAN IMBRECHT: Well, I think you can ask the
9 question, and then we can decide whether it's appropriate to
10 elicit a public answer.

11 COMMISSIONER COMMONS: Yeah. If you -- well, any
12 of the Commissioners, or if legal counsel thinks this is an
13 appropriate question for executive session, please say so
14 before you answer the question, but I'd be interested in the
15 existing lawsuits on the appliance standards which are
16 being held in abeyance, I understand.

17 MR. URBAN: There is a hearing on that for our
18 petition for rehearing. I don't see the gentleman here, it's
19 scheduled in April.

20 COMMISSIONER GANDARA: April 7th.

21 MR. URBAN: So that will be the next activity, and
22 when something happens on that, we'll circulate memoranda
23 to the Commissioners.

24 COMMISSIONER COMMONS: Thank you.

25 CHAIRMAN IMBRECHT: Okay. Executive Director's

1 Report.

2 EXECUTIVE DIRECTOR GEESMAN: Nothing to report.

3 CHAIRMAN IMBRECHT: Okay. Now, then, let's turn
4 to Item 4, and then we'll conclude with 3, and finally
5 public comment.

6 Item 4 is consideration and possible action of
7 restructuring of Commission Committees and assignment of
8 Committee members, largely brought about by the fact that
9 the Committees are currently allocated amongst four members
10 of the Commission as a result of the fact that my position
11 was not filled for some time.

12 I have distributed to members of the Commission
13 and the Executive Office, I believe there are some other
14 copies available, a proposal I want to disclaim personal
15 authorship on this. This represents a collective consulta-
16 tion, and I just wanted to indicate that I have tried very
17 hard to address and respond to the concerns of the other
18 Commissioners relative to this issue.

19 Basically, to give a brief summary of what we
20 would propose to do is to consolidate the existing 20
21 Committees of the Commission to 12 Committees of the
22 Commission. There are some that would like to go further,
23 perhaps including myself, but this represents a reasonable
24 consensus perspective about how we should accomplish that
25 consolidation.

1 It's intended to try to make the Committees more
2 generic in their approach, rather than as specific as they've
3 been in the past, and try to perhaps make the operation a
4 little easier within the Commission.

5 The second sheet lists the proposed assignments to
6 those Committees, assuming adoption of the consolidation. I
7 think we probably ought to deal with it as two separate
8 issues, and take a motion first on the proposed Committee
9 reorganization, and then listen to the concerns of any
10 individual Commissioners relative to the proposed
11 reorganization.

12 So, let me ask, do I hear a motion on the
13 Committee reorganization?

14 COMMISSIONER SCHWEICKART: So moved, Mr. Chairman,
15 with the proviso that I would like to direct whoever is
16 appropriate to redraft the existing order of the Commission
17 outlining the Commission Committees and their responsi-
18 bilities consistent with this reorganization, and I believe
19 we should bring that back for formal adoption, since it does
20 stand as the legal basis for the Committees.

21 CHAIRMAN IMBRECHT: Certainly.

22 COMMISSIONER GANDARA: One other minor issue. I
23 would recommend that on the new Committees, in terms of
24 titles, that that be a Building Conservation Committee and
25 Appliance Committee.

1 COMMISSIONER COMMONS: I'm sorry, I didn't
2 understand, could you repeat what you said?

3 COMMISSIONER GANDARA: Building Conservation
4 Committee and Appliance Committee.

5 COMMISSIONER EDSON: Rather than Building
6 Standards and Appliance Standards.

7 COMMISSIONER COMMONS: Okay.

8 CHAIRMAN IMBRECHT: I've got no problem with that.
9 Building Conservation Committee and Appliance Committee.
10 Okay. With those provisos, do I hear a second?

11 COMMISSIONER GANDARA: I'll second.

12 COMMISSIONER EDSON: Second.

13 CHAIRMAN IMBRECHT: Okay. Commissioner Commons.

14 COMMISSIONER COMMONS: In concept, I think the
15 realignment of the Committees is something that I've
16 supported and I have a few items here of concern. The
17 first is I think the putting together of the Intergovernmental
18 Affairs and the Legislative Policy Committee into one
19 Committee on Governmental Relations makes that an enormously
20 strong Committee.

21 I think there should be an interface between
22 members possibly, on it, but I would like to move that that
23 be continued as two separate Committees.

24 CHAIRMAN IMBRECHT: Do I hear a second?

25 COMMISSIONER COMMONS: All right. My second motion

1 would be that --

2 CHAIRMAN IMBRECHT: Formally, for the record, the
3 motion dies for lack of a second.

4 COMMISSIONER COMMONS: Second is, this organization
5 is often constrained by the fact that we're on an annual
6 budget cycle, and the real world is that most of the programs
7 that we fund involve multi-year financing, and that the
8 programs that we're involved with really have an effect not
9 this year or next year, but often 10 years, and even 25 years
10 out, and in this organization we have no long-range master
11 plan, we have no five-year plan.

12 I've never been a member or a participant in any
13 organization that did not have a five-year plan, and I would
14 like to recommend that we have a five-year plan as part of
15 the Committees, and that said Committee be part of the
16 Research and Development Committee.

17 CHAIRMAN IMBRECHT: That's a formal motion?

18 COMMISSIONER COMMONS: That's a formal motion.

19 CHAIRMAN IMBRECHT: Okay. Do I hear a second?

20 COMMISSIONER SCHWEICKART: Mr. Chairman, let me
21 just say that in concept, I think Commissioner Commons'
22 suggestion of a long-range plan for the Commission per se
23 is something which may be of interest. My lack of seconding
24 there is, speaking for myself is that I think this is a new
25 idea which needs a little maturation, that I'm not prepared

1 at least to go forward with it at this point. But I think
2 there are some things to commend the concept.

3 CHAIRMAN IMBRECHT: I agree with that statement
4 entirely, and I am fully prepared to address that issue
5 again in the future, and would urge you, Commissioner
6 Commons, to perhaps put together a more specific proposal
7 on that, and I'll notice it for agenda at your request.

8 COMMISSIONER COMMONS: All right. The next item
9 is on NOI/AFC Committee. We have essentially three
10 Committees you could argue that they ought to be together,
11 but compliance monitoring really goes back to the siting of
12 previous cases where we have people sitting on compliances,
13 and cumulative impacts relates only to geothermal.

14 I'd like to move that we have NOI/AFC as one
15 Committee, and the Cumulative Impacts and Compliance
16 Monitoring as a separate Committee.

17 CHAIRMAN IMBRECHT: Do I hear a second? Hearing
18 none, that dies for lack of a second. Commissioner Commons?

19 COMMISSIONER COMMONS: Then the last question I
20 have, you can ask is in the area of transportation where
21 we've had a certain amount of activity. It's not clear to
22 me in which Committee that falls, and it's also not clear
23 to me where there are areas of work in the Commission as --
24 and to which Committee that type of activity falls, and --

25 CHAIRMAN IMBRECHT: Excuse me, that second question

1 I didn't understand, the first --

2 COMMISSIONER COMMONS: Well, these Committees are
3 not all-inclusive, and there is a question, I think, in
4 terms of what do you do with an activity that does not
5 directly fit within any of these Committees as to where it
6 ought to go.

7 My recommendation is that the -- where it is not
8 clear, or there is an ambiguity as into which Committee a
9 particular activity goes, that that authority be given to
10 the Chairman to make said determination. Of course, the
11 Commission has the power to override the Chairman if they
12 so wish, but I think that would be appropriate as part of a
13 clean-up of the Committee reorganization.

14 CHAIRMAN IMBRECHT: I don't have any objection.

15 COMMISSIONER GANDARA: Let me say, that's just a
16 restatement of the current statutory scheme where basically
17 the Chairman directs the Executive Director within the
18 policies and procedures approved by the Commission.

19 CHAIRMAN IMBRECHT: That's right, so --

20 COMMISSIONER COMMONS: We do have a regulation
21 where the majority of the Commission sets the Committees and
22 we do have a statement as to what's within those recommenda-
23 tions. But in case of, I think, a problem of interpretation,
24 it would be appropriate for the Chairman to so resolve. It
25 doesn't have to be a formal amendment, I think, if it's just

1 assumed and understood that way without objection.

2 CHAIRMAN IMBRECHT: All right, fine. I think
3 that that's acceptable to people, obviously.

4 COMMISSIONER COMMONS: I'll call the questions.

5 CHAIRMAN IMBRECHT: On the adoption of the main
6 motion. All right, fine. Is there objection to a unanimous
7 roll call in the adoption of the Committee reorganization?
8 Hearing none, that will be the order, as proposed, and
9 we'll direct staff --

10 MR. URBAN: I trust that we're the staff that are
11 directed to redraft this.

12 CHAIRMAN IMBRECHT: Yes.

13 COMMISSIONER SCHWEICKART: Since it is the last
14 right.

15 COMMISSIONER GANDARA: I'd like to clarify that
16 direction a bit. We dealt earlier today with a petition
17 regarding appliances, and I guess at the last time the
18 Commission redrafted these Committees, there is at least
19 three different interpretations of what the Commission did
20 with respect to petitions.

21 It was my understanding that the way we're supposed
22 to process petitions is that the Committees are not to
23 essentially take a position on it before there is a
24 recommendation by staff, and that is a recommendation as to
25 whether the petition has merit, and then the Committee hears

1 the merits of the issue, if it's accepted by the Commission
2 as a whole.

3 There is another interpretation by at least one
4 of the Commissioners, says that we essentially allowed both,
5 that is, the petition come directly to the Committee, or to
6 be recommended by staff. I think there's a third position
7 that says that we change it so it comes directly to
8 Committee.

9 So, I think we ought to clarify that part with my
10 preference being that the staff make its recommendation before
11 it comes to the Committee. I am concerned about a situation
12 where a Committee would be required to rule as to whether a
13 petition is accepted, the Committee denies it, the Commission
14 directs the Committee to hear it in any case, the Committee
15 that hears it, denies it on the merits, and there is perhaps
16 a petitioner who might be concerned and disgruntled that he
17 -- the thing had to be heard before the Committee that
18 rejected it to begin with, that's my only concern there.

19 COMMISSIONER EDSON: Let me offer a possible way
20 to defer resolution of this slightly, and that is the Tax
21 Credit Committee several months ago ran into problems in how
22 petitions were processed, and problems in being able to
23 guarantee a timely and substantive response to petitioners.

24 We began at that time what has been a fairly time
25 consuming process in trying to develop revisions to that

1 petition handling procedure. There is -- that work is
2 culminating in a meeting next week involving all of the
3 relevant staff of the Tax Credit Committee, and Commissioner
4 Gandara, your office has been especially consulted, and I
5 think is planning to take part in that discussion.

6 I would propose that the Tax Credit Committee
7 follow through with its activity, and bring a recommendation
8 before the full Commission at the nearest -- soonest
9 opportunity.

10 COMMISSIONER GANDARA: I would support that, then.
11 Don't worry about it, Mark.

12 COMMISSIONER COMMONS: Mr. Chairman?

13 CHAIRMAN IMBRECHT: Yes, Commissioner Commons?

14 COMMISSIONER COMMONS: I'd like to make a motion
15 before we go to the Committee assignments concerning the
16 operation or policy of the Committees, and that is that at
17 any time that there is a meeting of a Committee, that the
18 Presiding Member, and in the absence of the Presiding Member,
19 the second member give written notification to all other
20 Commissioners that there will be a Committee hearing, or
21 Committee meeting, and that where a Commissioner is not a
22 member of that Committee, that the adviser to that
23 Commissioner has the privilege of attending.

24 CHAIRMAN IMBRECHT: Okay. Do I hear a second?

25 COMMISSIONER SCHWEICKART: Again, Mr. Chairman, let

1 me just comment on the suggestion by Commissioner Commons.
2 I would not support that as a single item, but I think if we
3 are going to begin defining new roles and responsibilities
4 of Committees, and members of the Committees, and notice, and
5 that sort of thing, that I would certainly support that in a
6 comprehensive way, as you know, and we have had such a
7 suggestion in the past.

8 I would certainly consider that an appropriate
9 amendment to an overall formalized guidance for Committee
10 responsibility, or Committee action, but I would not at this
11 point support it, absent a review overall of how the
12 Commission Committees should function.

13 COMMISSIONER EDSON: And let me just comment that
14 I'm perfectly willing to inform other Commissioners of every
15 Committee meeting that my office sets, but I am not willing
16 to report that as a rule of operation for the full Commission.

17 CHAIRMAN IMBRECHT: Anybody else care to wade in?

18 COMMISSIONER GANDARA: I share Commissioner Edson's
19 viewpoint.

20 CHAIRMAN IMBRECHT: I basically am the same. Let
21 me just say that if there has been any concern, I just want
22 to -- we have been meeting I guess in kind of an ad hoc
23 basis on -- largely due to the time constraints that we face
24 with Department of Finance over budget issues, and there
25 certainly was never any intention whatever to exclude anyone

1 in the staff from attending, and I -- if there has been a
2 concern relative to that, I offer a public apology, and just
3 want to assure everyone here that I have also subscribed to
4 Commissioner Edson's comments.

5 Commissioner Commons?

6 COMMISSIONER COMMONS: Although I am the public
7 member, sometimes I am an attorney, and one thing I've
8 learned is, when you're an attorney, and you have an agreement
9 and people agree to it, put it in writing. Despite the
10 statements that I've heard, as to what the practice would
11 like to be done, the actual practice is not that way, and
12 so I understand that the motion has died for lack of a
13 second, and that Commissioner Schweickart expresses interest
14 in the motion if it were part of an overall program
15 concerning the operations of the Committee.

16 But I will express that I am deeply disturbed by
17 the failure of there being a second or a vote on this motion.

18 CHAIRMAN IMBRECHT: Well, I would also subscribe to
19 Commissioner Schweickart's comments. I am wide open to
20 pursue it further. This is the first that you've mentioned
21 it to me in terms of this kind of formal rule.

22 Okay. Now, the next item before us is Proposed
23 Committee Assignments, and again, I just want to reiterate
24 that this represents a combination and a consultation to the
25 best of my ability to try to bring together disparate

1 viewpoints as to who, where, and how these assignments ought
2 to be accomplished.

3 I am quite confident in saying one thing, that
4 there is no one perfectly happy with this proposal. Perhaps
5 in that lies a certain degree of justice about it, I don't
6 know, but in any case, I present it to you for your
7 consideration, and ask if I have a motion for its adoption.

8 COMMISSIONER SCHWEICKART: Excuse me, was that a
9 motion, Mr. Chairman?

10 CHAIRMAN IMBRECHT: Well, I was -- I'll make it
11 if necessary.

12 COMMISSIONER SCHWEICKART: I'll second it if you
13 make it.

14 CHAIRMAN IMBRECHT: All right, fine, I'll make it.
15 Commissioner Commons?

16 COMMISSIONER COMMONS: I received this proposal
17 at approximately 4:00 or 4:30 last night. I had submitted
18 to the Chairman a list of the Committees in which I am
19 interested. Of the top six Committees that I was interested
20 in, the original draft that I received had none.

21 I'm not going to take a position on the motion in
22 opposition because the Committees that I have been assigned,
23 which by the way, I do not consider fair, but that's the
24 majority rule principle, and I'll go along with that.

25 However, I'm going to oppose the motion, and I'm

1 going to shift my viewpoint, and point of perspective on the
2 Commission because the key organizations, or key Committees
3 on the Commission are essentially held by two Commissioners.
4 The Biennial Report, the Legislative Committee, the
5 Intergovernmental Committee, the Budget Committee, they
6 are all controlled by two Commissioners.

7 This is not a Commission of two Commissioners.
8 Since I've been a member of the Commission, my main concerns
9 have been the lack of openness and fair process, or due
10 process within the Commission, both in terms of the decision-
11 making and how we arrive at it at the staff level, and the
12 operation within the Commission.

13 I've also been concerned about the quality of the
14 output, where a Commissioner wants to make input into the
15 work that occurs at such a time where the Commissioner really
16 does not have that opportunity. It has created great
17 difficulty for me, and I also think that the resultant
18 quality of the work that has come out of the Commission has
19 suffered.

20 The result has been where we have an excellence
21 in staff, we have an output that does not equal the excellence
22 in the staff. So, I will pose the motion, and I'm going to
23 do what I had not intended to do as a Commissioner, and I
24 see no other recourse at this time, and I tried to take a
25 look at, as to what the alternatives are as to what that

1 agenda ought to be.

2 Previously, where it had been so much out of line
3 that any ordinary citizen would say it was a joke, my posi-
4 tion was not to support the concept of the Committees and
5 rather to bring all matters to the Commission floor. I do
6 think the Commissioners have made some attempt along that
7 direction, and I think some of them honestly feel that that
8 has been done.

9 However, that does not take away from the fact
10 that there's two Commissioners that are essentially
11 controlling all of the policy of the Commission. So, in the
12 two areas of budget and legislative matters, I'm going to
13 take an independent viewpoint, and that will include
14 preparing a budget, testifying on legislation, and
15 establishing the viewpoint that I think represents the public
16 interest.

17 Whether or not I'm doing that as the public member
18 on the Commission, or whether I'm doing it because of
19 otherwise, that question I really can't answer.

20 In terms of participating and supporting the rest
21 of the Committee structure, and going along with the majority
22 decisions of the Commission in the other areas, I will do
23 my best to -- my work on the Committees, to accept the view-
24 points of the Commissioners and the majority rule. But on
25 those two areas at least of policy concern, I'll take an

1 independent viewpoint.

2 CHAIRMAN IMBRECHT: Okay. Comments are duly noted.
3 I guess the only thing I would just note in response,
4 Commissioner Commons, is that to begin with, there is no
5 Committee of the Commission that controls the Commission.
6 It remains the remedy of any Commissioner on any issue to
7 raise to the Commission itself a concern over the decision
8 of any Committee.

9 So the inference that any two Commissioners are
10 controlling the Commission, I consider to be absolutely
11 erroneous, because the remedy with respect to any of those
12 issues remains exactly as it is with respect to all other
13 issues, and it ultimately comes down to a very simple
14 question -- are you capable of persuading the two other
15 members of the Commission to support your perspective on a
16 given issue.

17 Under those circumstances, if you are, then indeed,
18 you control the Commission. There's nobody that controls
19 the Commission other than by virtue of quality of the
20 persuasion of their ideas, and the quality of their analysis,
21 et cetera. I think that's just a basic premise of any
22 legislative body.

23 I'm sorry that this has not worked out to your
24 satisfaction. I have tried hard to accommodate your concerns,
25 and to accommodate the interests that you expressed to me,

1 and even as they changed from meeting to meeting as to what
2 interests you have with respect to involvement on the
3 Commission.

4 I also just want to finally note that I don't
5 believe any of this is static. I'm new here on the Commission
6 as well, I'm not sure that these are things that I have an
7 on-going, long-standing interest in. I might say as well
8 that there is, obviously by virtue of the statute alone,
9 assured turnover in the membership of the Commission which
10 also ensures, at least on an annual basis at a minimum, a
11 reallocation of Committee assignments.

12 Finally, just you know, in the personal sense, I
13 will just note to you that when I was a freshman in the
14 Assembly, I certainly was not happy with my Committee
15 assignments, and I had a heck of a lot less control over it
16 then than you do here in this body.

17 So, -- and finally, I would note that you are
18 recommended to be the Presiding Member of four separate
19 Committees, which is more than any other member of the
20 Commission.

21 Okay. Any further comments? If not, we will move
22 to a vote. There is objection to unanimous roll call. Are
23 there any other members who wish to be recorded other than
24 aye on this, other than Commissioner Commons? If not, the
25 vote will be 4-1 in favor, Commissioner Commons will be

1 recorded as a no vote.

2 Okay. The last item on our agenda -- excuse me,
3 two remaining, prior to public comment. I'm wondering if
4 it might even be appropriate to ask for public comment right
5 now, since the remaining item basically is a study session
6 type item for the Commission. I think I'll make that order.

7 Are there any members of the audience that wish
8 to offer any comments to the Commission relative to any
9 matter before us?

10 MR. PEREZ: Chairman Imbrecht?

11 CHAIRMAN IMBRECHT: Yes?

12 MR. PEREZ: You're inviting comments for any
13 items that the Commissioners have reviewed today? Because
14 I do know --

15 CHAIRMAN IMBRECHT: Yes, this is Item 14 on the
16 agenda, Public Comment, any --

17 MR. PEREZ: Okay. Because I do know that there
18 may be individuals in the building attending a staff
19 workshop who are interested in the Cumulative Impacts Report,
20 but I do not see them --

21 CHAIRMAN IMBRECHT: Well, we're going to take the
22 Cumulative Impact Report next, but this is Item 14, the
23 last item on the agenda.

24 MR. PEREZ: Okay.

25 CHAIRMAN IMBRECHT: Now, the only remaining item on

1 the agenda is Item 3, and this is a Commission briefing to
2 inform the Commission on the results of the Geysers
3 Cumulative Impact Proceedings on roads and schools.

4 COMMISSIONER EDSON: Chairman Imbrecht, I'd like
5 to introduce this item very briefly. The reason that it is
6 before the Commission, and I share your concern about having
7 informational items come before the Commission formal
8 business meetings, but this is actually bringing an OIH
9 begun in 1981 to a conclusion.

10 In I think the spring of 1981, actually, the
11 Commission established a Geysers Cumulative Impacts Committee
12 and directed that Committee in working with the staff to
13 assess the cumulative impacts of geothermal development and
14 possible ways to systematically mitigate those impacts.

15 That Committee held a series of hearings with the
16 staff, the staff providing very competent support, and we
17 now have before us today a presentation on the staff's
18 developed algorithms for mitigating schools and road --
19 cumulative schools and road impacts in geothermal siting
20 cases that come before the Commission.

21 The Committee had a number of procedural options
22 before it in deciding how to proceed on the issue, that
23 ranging from adopting regulations that would be used in
24 siting cases to having Commission guidelines, to suggesting
25 that the staff simply proceed and adopt a formal policy for

1 their independent position in siting cases.

2 The Committee has concluded that the Commission
3 should not adopt regulations. They would be too specific
4 and too binding when in some cases these are impacts that
5 should be mitigated in very specific ways, and the Committee
6 opted against a Commission policy, or Commission guidelines
7 because again, that smacks of regulations and as a way to
8 circumvent the regulatory process.

9 With that, let me ask that the staff proceed to
10 explain where they have -- what their conclusions are based
11 on the Committee and staff work in assessing mitigation of
12 these cumulative impacts. I'd also note that this is a
13 series of recommendations supported by both members of the
14 Geysers Cumulative Impacts Committee.

15 MR. WILLIAMS: Thank you very much. My name is
16 Steve Williams, and I am the Senior Associate Economist
17 for the Siting and Environmental Division. I'd like to make
18 a brief presentation on staff's policy with regards to the
19 mitigation of school enrollment and road maintenance impacts
20 in the Geysers Calistoga KGRA.

21 Copies of the staff documents explaining these
22 policies have been distributed to the public, and are
23 available through the Publications Unit. Copies are also
24 available at the Commission Secretary's desk.

25 Development of the geothermal industry has been a

1 mixed blessing to the Geysers Calistoga KGRA. Most
2 specifically to Lake County and Sonoma County. Geothermal
3 exploration activities and the construction of new power
4 plants have provided new employment opportunities in these
5 areas. At the same time, these employment opportunities
6 have contributed to a population influx which has greatly
7 exceeded the state growth rate.

8 More significant, however, has not been the rate
9 of change, but rather the nature of this change. These new
10 residents were not just adding to the local population, they
11 were significantly changing the demographic characteristics
12 of both counties.

13 Younger couples with school age children were
14 buying homes previously owned by retired persons. Houses
15 previously used only in summer were now being occupied on a
16 year-round basis. Small communities such as Anderson Springs
17 which had previously been active only during the summer
18 months were now active throughout the year.

19 All of these changes were cumulatively creating
20 additional demands for local public services. In order to
21 gain a better understanding of these socioeconomic changes,
22 staff initiated a study of possible geothermal impacts on
23 local public services in Lake County, Sonoma County, Napa
24 County, and Mendocino County.

25 This socioeconomic study had two purposes: Number

1 one, compile a socioeconomic data base for the Geysers KGRA;
2 and number two, enable CEC staff to evaluate impacts
3 associated with geothermal power plant siting applications
4 and to develop appropriate policy recommendations for CEC
5 regulatory proceedings.

6 This study concludes that the revenues attributable
7 to geothermal development are sufficient to mitigate impacts
8 on local public services in all but two cases. The exceptions
9 are schools and roads. I would like to review these two
10 areas individually.

11 First, schools. Schools were formerly funded at
12 the local level through a combination of property taxes and
13 local bonds. In recent years, however, the state has changed
14 the rules of the game. Local school districts are no longer
15 allowed to issue bonds for school construction. The state
16 has the financing authority.

17 Unfortunately, the demand for these funds has
18 exceeded the amount available. Consequently, both Sonoma
19 County and Lake County have needs for new facilities which
20 cannot be satisfied using the traditional funding mechanisms.
21 These needs have arisen, in part, due to the population
22 influx associated with geothermal development.

23 Staff's algorithm, prepared at the request of the
24 Commission, provides a means of calculating the payment
25 needed to mitigate the enrollment impacts attributable to

1 a specific project.

2 The key concepts associated with the school
3 algorithm include the following: The algorithm uses
4 existing agreements as a model. It will be -- is intended
5 to be used only if negotiated agreements cannot be reached
6 between the power plant developer and the local school
7 district.

8 CHAIRMAN IMBRECHT: Let me interrupt you just for
9 a second. One of the typical ways of financing new school
10 construction today is for an assessment on new home
11 construction at the time that a permit is granted, and that's
12 used throughout California.

13 I assume if you're having a population increase,
14 it's also generating new housing construction, is that
15 accurate?

16 MR. WILLIAMS: That is not accurate in the case of
17 Lake County. It is accurate in the case of Sonoma County,
18 which has implemented that particular ordinance.

19 CHAIRMAN IMBRECHT: Why is that an inadequate
20 means of financing?

21 MR. WILLIAMS: Pardon?

22 CHAIRMAN IMBRECHT: Why is that an inadequate
23 remedy for them?

24 MR. WILLIAMS: Okay. In Lake County the situation
25 is not arising so much from new home construction, but rather

1 the change in ownership of existing homes where there have
2 been a large number of retired individuals living in homes,
3 when those homes changed ownership, they then changed to
4 couples, and there's been no revenue that the county can
5 realize through those particular instances.

6 Lake County has not experienced the rate of home
7 construction, due to subdivision, that Sonoma County has
8 experienced. Many of the -- as the Executive Director
9 pointed out, many of the vacation homes existing in Lake
10 County, and also in Sonoma County have been converted to
11 year-round use, and again that situation is not covered by
12 that particular aspect of state law.

13 CHAIRMAN IMBRECHT: Okay, fine.

14 MR. WILLIAMS: A third concept of the school
15 algorithm is that it applies only to children enrolling in
16 the district as a result of power plant construction. A
17 further characteristic is that it's considered to be a one
18 time payment per child.

19 The algorithm provides for permanent facilities.
20 Finally, the algorithm applies only to school districts
21 which can demonstrate that enrollments meet or exceed the
22 design capacity of their existing structure. The rationale
23 for the schools algorithm is detailed in the staff's paper.

24 The second case involving significant impacts
25 concerns roads. Roads in the Geysers Calistoga KGRA were

1 designed and constructed to standards for light passenger
2 vehicle traffic. The subsequent use by heavy trucks has
3 resulted in significant maintenance costs.

4 County roads are traditionally funded from a
5 variety of federal, state, and local funding sources. The
6 roads in the Geysers KGRA are ineligible for federal or
7 state funds, and because of fiscal constraints imposed by
8 Proposition 4, local funds are inadequate as well.

9 Furthermore, there is the question of timing. The
10 roads receive the heaviest use, consequently creating the
11 greatest need for maintenance during the power plant or
12 steam field development construction period. This period
13 is long before the county realizes any significant tax
14 revenues from the project. The specifics of this problem
15 are again detailed in the staff report.

16 We examined various methods used in other areas,
17 and by other governmental agencies to resolve this problem.
18 The algorithm proposed by staff provides one method of
19 allocating extraordinary road maintenance costs among
20 geothermal developers. We recognize that there are other
21 methods equally as good, and we encourage the efforts of the
22 geothermal developers and the affected counties to reach a
23 consensus agreement.

24 The key concepts of the roads algorithm include the
25 following: The algorithm will be used again only if

1 negotiated agreements cannot be reached between the steam
2 field developers, the geothermal power plant developers, and
3 the local counties.

4 The algorithm is based on actual use, and actual
5 maintenance costs. The algorithm is intended to be a
6 temporary measure to be used only until roads can be
7 reconstructed to industrial use standards, which will depend
8 on funds availability.

9 What is the role of these algorithms in future
10 siting cases? The algorithms are intended to be used only
11 if negotiated agreements cannot otherwise be reached. The
12 algorithms are intended to expedite siting proceedings by
13 providing all parties with advance notice of staff's
14 recommendations for mitigation of adverse school enrollment
15 and road impacts.

16 This concludes staff's brief technical presentation.
17 I would like to recognize the contributions of the following
18 staff members in the preparation of these two algorithms:
19 Kathy Matthews, Brian Bell, and Norm Wilson. Thank you.
20 Are there any questions?

21 CHAIRMAN IMBRECHT: Commissioner Gandara?

22 COMMISSIONER GANDARA: I have a question, Mr.
23 Williams. Somewhere in the material that I read last night,
24 I believe you indicated that the algorithm would be used in
25 case the private parties would not be able to reach an

1 agreement.

2 MR. WILLIAMS: That's correct.

3 COMMISSIONER GANDARA: It was my experience, it's
4 my experience in some of these siting cases that the reason
5 that the Commission encouraged to begin with these side
6 agreements reached by private parties which the Commission
7 then recognized as mitigation was because at that time, the
8 Commission staff and the Commission did not have a good
9 basis by which it could impose some socioeconomic mitigation,
10 okay?

11 The result of which, that there was a presumption
12 in favor of the parties recognizing that mitigation, and
13 were they not to do so, there was always the possibility
14 for the Commission would be left with a -- with a problem
15 late in the siting case, and that is that the Committee
16 would forego hearing evidence regarding mitigation of
17 socioeconomic matters, and that it would be too late to go
18 back and reopen evidentiary hearings, and yet adhere to the
19 siting schedule, the 9-month or the 12-month.

20 Now, given that we now have an algorithm, and the
21 original basis for encouraging the parties agreements is no
22 longer there, then I'm -- why is your recommendation not
23 that in fact that this be the staff recommendation presented
24 during the siting cases in hearings, and that there be a
25 presumption in favor of the algorithm developed by the staff,

1 and that unless it be shown that that is inadequate, or that
2 needs to be modified in some way during the evidentiary
3 hearings, that this be, in fact, the preferred approach?

4 Now, you know, you can correct me if I'm wrong,
5 but that's my understanding of the history of these side
6 agreements, some of which have always been touch and go
7 until the very last minute. We've approved and certified
8 some cases with some agreements still formally outstanding
9 as to whether they've really been signed, and at least in
10 one case, we were concerned as to whether there would be
11 eventual agreement by all the agencies where the siting
12 applicant happened to be another state agency.

13 So, my question to you would be why has the
14 recommendation not then, in fact the algorithm, be the
15 preferred approach, be the presumptive standard, and that
16 unless there's something deficient in that, that we look at
17 the agreements as another factor. It seems to me there's
18 an advantage in moving away from those agreements now.

19 MR. WILLIAMS: As Commissioner Edson indicated in
20 her presentation, these documents evolved over a period of a
21 year and a half. It involved considerable participation and
22 discussion by local agencies, the geothermal developers and
23 members of the public.

24 A concensus among all parties was that they
25 preferred that a negotiated agreement be attempted first,

1 before the Commission became involved. We have ensured that
2 we will not run into time constraints by stating that if
3 agreement has not been reached 20 days prior to the start of
4 the pre-hearing conference, at that time, we, as staff, will
5 propose that our algorithms be used, or that evidence be
6 received on this issue.

7 It's important to realize that mitigation may not
8 be appropriate in all situations. For example, the school
9 districts have to establish that they have a need for
10 mitigation. Similarly, if a county is going to request
11 mitigation payments for roads, they have to demonstrate that
12 certain roads have an extraordinary maintenance cost, and
13 therefore, again, an agreement is appropriate.

14 COMMISSIONER GANDARA: Okay, I got a little bit
15 confused because you said if there wasn't agreement 20 days
16 before the pre-hearing conference?

17 MR. WILLIAMS: That's correct.

18 COMMISSIONER GANDARA: So, the pre-hearing
19 conference is usually the first hearing in the siting case
20 before there's been any consideration of what the mitigation
21 -- of what the impacts would be. So, you're saying that --
22 and the pre-hearing conference usually occurs within 60
23 days of filing.

24 MR. WILLIAMS: That's correct. Again, this was --
25 the intent was to encourage the developers to meet in advance

1 with the affected school districts, and with the affected
2 counties, determine if there are going to be any adverse
3 social impacts, and if there are, then to develop appropriate
4 mitigation measures in advance. All this is advance planning.

5 If they are unable to reach an agreement, then it
6 would become appropriate for adjudication in our proceeding.

7 COMMISSIONER GANDARA: So, to some extent, then,
8 you're relying on the party, on the applicant, to give
9 notification of the application to the school districts, or
10 to whatever parties are required before or at about the
11 same time that that finding is made to us.

12 We have 30 days, as I recall, to be able to deter-
13 mine whether there's been an inadequacy, a data adequacy,
14 I think that's been changed a little bit by statute as to
15 when the clock starts ticking, but then, what that allows
16 is essentially without any possibility of having to decide
17 the mitigation agreements before there's an actual settling
18 of what the particular facility to be sited looks like,
19 before there's been any consideration of the impacts or
20 mitigation by the Commission or the Committee that might be
21 the result of the data adequacy filings.

22 I don't have any problem with the idea they're
23 required so far ahead of time, and thereby impose the
24 algorithm, I guess it seems to me that things change
25 considerably during those first 30 or 60 days.

1 MR. WILLIAMS: Well, there are certain factors
2 associated with geothermal power plants that don't change,
3 particularly in the area of socioeconomics. If they're
4 proposing to build a 55 megawatt facility, we have a very
5 good idea of how many construction personnel are going to
6 be required. They have labor contracts that involve
7 contacting the hiring halls ahead of time to identify how
8 many people are available, and if any people have to be
9 brought in from outside the area. This is all part of the
10 advance planning process.

11 As an analogy, I might compare it to say a
12 biological field survey where they go out and make a survey
13 of rare and endangered plants. If there are any identified,
14 they would then go to Fish and Game, or some other appropriate
15 agency and identify the appropriate mitigation measures.

16 All this is done in advance of the preparation of
17 their filing document, so that when they submit the document
18 to the CEC, they've not only identified that there may be
19 an impact, but also have proposed an appropriate mitigation
20 measure, and that's what we are hoping that will be done in
21 these cases, and it has, indeed, been done.

22 PGandE and the other applicants are going to the
23 school districts, and are going to the counties and are
24 negotiating these agreements prior to coming into our
25 proceedings now, and it has been a success.

1 COMMISSIONER GANDARA: Great, if it can be done
2 20 days before, I think that should be encouraged. That's
3 great. No further questions.

4 MR. WILSON: Norman Wilson. Commissioner Gandara,
5 I'd like to add one point. Most of the time, the pre-
6 hearing conferences are not in the first two months. We
7 have an informational hearing in two months, but the pre-
8 hearing conference is about four months, and as Steve
9 pointed out, we feel this is part of their pre-planning
10 work, should be considered in their filing, and if not, it
11 gives them enough time for us to interact with them prior
12 to the pre-hearing conference to make sure they have
13 something in the works.

14 This is a fall-back strategy on our part, if
15 those negotiations fail, but again, as Steve pointed out,
16 they have started to recognize that this is, in fact,
17 something that we're looking at, they do have to mitigate,
18 and they're doing their homework early.

19 COMMISSIONER SCHWEICKART: Steve, I'd like to ask
20 a question about the -- in terms of the timing. You used
21 the key of pre-hearing conference.

22 MR. WILLIAMS: Correct.

23 COMMISSIONER SCHWEICKART: Could you remind me of
24 the current time frame of pre-hearing conference from
25 submittal of application?

1 MR. WILSON: Commissioner Schweickart, I think
2 generally --

3 COMMISSIONER SCHWEICKART: I may have been talking
4 here when the question was answered.

5 MR. WILSON: Okay. I believe it's somewhere
6 around four months, four or five months when we actually
7 give the pre-hearing conference.

8 COMMISSIONER SCHWEICKART: All right.

9 MR. WILSON: So, it gives us a little more time
10 than just a couple of months.

11 COMMISSIONER SCHWEICKART: The other thing I was
12 going to add in regard to Commissioner Gandara's earlier
13 remarks, the existence of these algorithms will clearly
14 become the basis on which negotiated settlements would
15 arrive, and I would anticipate that the negotiated arrange-
16 ments between the parties would then move from the algorithm
17 itself toward the particular issues in any given siting
18 case, the roads or schools issues, and would be more
19 customized, hopefully, to the particular rather than to the
20 general.

21 So, that it would seem to me that the very
22 existence of the algorithms is in itself a fairly powerful
23 influence as it is. I would tend to lean toward a stipulated
24 settlement, unless someone is legitimately misrepresented,
25 in which case the Committee itself can hear evidence on the

1 issue on its own motion.

2 COMMISSIONER GANDARA: If it occurs that early
3 in the process, I think it's great, you know, I think that's
4 the sort of thing we were hoping comes out of cumulative
5 impacts.

6 CHAIRMAN IMBRECHT: Is there some point where this
7 is going to be presented to us for formal adoption?

8 MR. WILLIAMS: Mr. Chairman, this is staff policy,
9 we're presenting it for information. You retain the
10 prerogative in each of your individual siting cases to either
11 choose to accept or not accept our position.

12 CHAIRMAN IMBRECHT: I see.

13 MR. WILLIAMS: I see.

14 COMMISSIONER SCHWEICKART: This, in essence, forms
15 the basis of what the staff would recommend as a party in
16 the case.

17 CHAIRMAN IMBRECHT: I see. Thank you. Commissioner
18 Commons?

19 COMMISSIONER COMMONS: Yes, on behalf of Karen
20 Edson and myself, I think the staff here has worked in an
21 area where there has been a real good effort at balancing
22 a competing interest. I particularly have taken time to
23 question the algorithms, and normally I'm able to find
24 fault, and I wasn't able to in this instance, and I'm
25 wondering if someone read the answer book.

1 COMMISSIONER SCHWEICKART: You're slipping, Geoff,
2 you're slipping.

3 COMMISSIONER COMMONS: They've also done something
4 else that I think should be noted, that they've stayed on
5 schedule and on budget, and it's been an overall, a good
6 quality, and I think staff should -- staff is appreciated.

7 CHAIRMAN IMBRECHT: Thank you, Commissioner
8 Commons.

9 COMMISSIONER GANDARA: Speaking about budget, I'd
10 just like to add a comment here, okay, that in fact, this
11 kind of work from the locational element is in fact the kind
12 of thing that removes an impediment that can result in a
13 siting case being stretched beyond the statutory time, or
14 introduce a lot of uncertainty at the end, so it's kind of
15 an investment in the up front planning that allows us to, in
16 fact, get a very sticky issue out of the way very early.

17 CHAIRMAN IMBRECHT: As the other Commissioners
18 will note, they will find that we have recommended that this
19 particular portion of the locational analysis be restored
20 in the Governor's budget.

21 COMMISSIONER SCHWEICKART: And we'll have an
22 interesting job in trying to convince people of what they
23 really do. I speak from experience on that.

24 (Laughter)

25 CHAIRMAN IMBRECHT: I've already been talking to

1 Mr. Franchetti about that.

2 Let me inquire, is there any public comment on
3 this issue? Ernesto, do you have --

4 MR. PEREZ: No, apparently the people I thought
5 were in the building have gone to the Legislature for a
6 reception.

7 COMMISSIONER GANDARA: Priorities.

8 COMMISSIONER SCHWEICKART: First things first.

9 CHAIRMAN IMBRECHT: That's right. All right, fine.
10 Thank you very much, the meeting is adjourned.

11 (Thereupon the business meeting of the California
12 Energy Resources Conservation and Development Commission was
13 adjourned at 4:35 p.m.)

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REPORTER'S CERTIFICATE

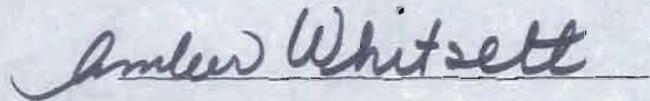
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I, AMBER WHITSETT, an electronic court reporter, do hereby certify under penalty of perjury:

That I am a disinterested person herein; that the foregoing hearing of the California Energy Resources Conservation and Development Commission was reported by me, Amber Whitsett, an electronic court reporter, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

I have hereunto set my hand this 28th day of March, 1983.



AMBER WHITSETT