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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION
FEB 27 1984
RECEIVED IN DOCKETS

BUSINESS MEETING
EXECUTIVE DIRECTOR'S REPORT ON
FY 1983/84 2nd QUARTERLY WORK PLAN REVIEW
AND FY 1984/85 BUDGET CHANGE PROPOSALS

1516 NINTH STREET
1st FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 22, 1984
4:00 P.M.

Reported by: Patricia A. Petrilla

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COMMISSIONERS PRESENT

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

EX OFFICIO

- Bill Foley

STAFF PRESENT

- Randall M. Ward, Executive Director
- William Chamberlain, General Counsel
- Kent Smith, Deputy Director
- Rick Donaldson
- Dale Bosley
- Ross Deter
- Ron Kukulka
- Thom Kelly
- Ted Rauh
- Lorri Gervais, Secretary

PUBLIC ADVISOR'S OFFICE

- Ernesto Perez

ALSO PRESENT

- John E. Flory, Utility-Customer Interface, Inc.
- Tom Willoughby, Pacific Gas and Electric Company

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P R O C E E D I N G S

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3 EXECUTIVE DIRECTOR WARD: Mr. Chairman, both
4 yourself and Commissioner Gandara have been parties to the
5 -- both the second quarter review and the development of
6 84/85 March change issues to be brought before the
7 Commission today. So -- and I believe the other
8 Commissioner's advisers have been involved in that, and so
9 you should be generally familiar.

10 So I would expect it will be an overview, a
11 fairly simple process. With that, I'll have Kent Smith
12 offer a few comments.

13 DEPUTY DIRECTOR SMITH: What we wanted to do
14 this afternoon is somewhat a repeat of what we have done
15 for the Budget Committee earlier, but to see whether or not
16 there are any specific questions or comments on the proposals
17 and also to raise a basic concern about the magnitude of
18 the aggregate proposals that we have before us.

19 The total that have been discussed right now
20 exceed considerably the amount of funding that would be
21 available in the energy resources program account in this
22 year. The printed Governor's budget showed an amount
23 remaining of about \$764,000. I'm told now that that may
24 have been revised downward.

25 So we have a considerable number of proposals

1 competing for a relatively small amount of money. There's
2 a possibility of funding from sources outside that account,
3 but just as a --

4 CHAIRMAN IMBRECHT: That also assumes that the
5 proposals for allocation of that funding source are static.

6 DEPUTY DIRECTOR SMITH: Yes.

7 EXECUTIVE DIRECTOR WARD: That's correct.

8 DEPUTY DIRECTOR SMITH: That's correct.

9 COMMISSIONER GANDARA: That may be a matter for a
10 practical concern, but also, I don't know how much time we
11 should spend on that, but in my recollection of the
12 budgeting process, that the Legislature sets the surcharge
13 according to the needs of the allocation and the budget.

14 EXECUTIVE DIRECTOR WARD: It's in a mass.

15 CHAIRMAN IMBRECHT: No, no. It's set at -- I
16 can correct that. The surcharge is currently at its
17 maximum of 2 mills. That was originally the case when the
18 surcharge was originally established. About two years ago,
19 or thereabouts, legislation, I believe carried by Senator
20 Alquist increased it to its maximum, and also provided a
21 more generic definition of utilization of those funds as
22 opposed to just being, and this is one of the things I
23 will express, since I've had to answer a lot of these
24 letters, that I believe that the billing statement that
25 many of our utilities currently carry that indicates that

1 the surcharge is for the benefit of the Energy Commission
2 should be modified in that other agencies also enjoy
3 support from that surcharge, and I've had to answer a few
4 letters of late, expressing concerns about that.

5 COMMISSIONER GANDAPA: Fine. But with respect
6 to what --

7 CHAIRMAN IMBRECHT: It takes a little modification
8 in their computer programs, though.

9 COMMISSIONER GANDARA: With respect to the limited
10 amount that you talked about, that's assuming no realloca-
11 tion within that budget, because there were these other
12 agencies, other than the Energy Commission.

13 DEPUTY DIRECTOR SMITH: That's correct. The
14 point I'm making is that we have a large number of proposals
15 and we know that they're going to be competing for a
16 modest amount of funding, and it would require some
17 displacement.

18 COMMISSIONER COMMONS: I'm sorry, Mr. Chairman,
19 I object to saying that they are competing for a limited
20 amount of funding. That \$700,000 to me is not a real
21 figure. As far as I'm concerned, every project has to
22 compete in order to be spent, and we have to look at every-
23 thing carefully, but I don't at all concur with the
24 statement that they are competing with \$700,000, or what
25 that sum of money is, up to the amount of the 2 mill, or

1 2/10ths of a mill.

2 EXECUTIVE DIRECTOR WARD: I don't think that's
3 the intent, Commissioner. I think that the issue is --

4 COMMISSIONER COMMONS: It's being reiterated.

5 CHAIRMAN IMBRECHT: We're kind of in a semantical
6 argument right here, and --

7 COMMISSIONER COMMONS: It keeps being reiterated,
8 and if it's not the intent --

9 CHAIRMAN IMBRECHT: As a practical matter, I
10 believe that there are other agencies within the Governor's
11 budget currently that are called out to receive in the
12 neighborhood of \$5 million out of the total surcharge, is
13 that correct?

14 DEPUTY DIRECTOR SMITH: I believe that's correct.

15 CHAIRMAN IMBRECHT: So the real issue before us
16 is whether that funding proposal remains static, whether
17 the \$700,000 is static, where we can ultimately compete
18 favorably with some of those other agencies.

19 DEPUTY DIRECT SMITH: What we propose to do this
20 afternoon is provide an overview of the proposals that have
21 been discussed with the Budget Committee. Rick Donaldson,
22 Chief of our Administrative Services Division will take us
23 through that. We have the division chiefs present to
24 answer questions about specific proposals if you have them.

25 Rick?

1 COMMISSIONER GANDARA: Before we start, I'd like
2 to know how procedurally we might handle the fact that at
3 least, you know, the proposals here, at least are not all
4 the proposals that I thought the Committee had agreed to.

5 DEPUTY DIRECTOR SMITH: I believe that the package
6 should be complete. You should have four pages of proposals,
7 the first, those that were part of the agency resubmittal,
8 a total of 21.6 person years. Second page, the person
9 year total is 5. The third page, the person year total is
10 16; and on the last page are a number of proposals that
11 were raised during Budget Committee discussions, the total
12 is 20.45.

13 COMMISSIONER GANDARA: Okay. Well, then, maybe --
14 I have the same materials that you do, we have different
15 memories about it, what we went through. But as we go
16 along, we'll raise those.

17 DEPUTY DIRECTOR SMITH: Okay.

18 EXECUTIVE DIRECTOR WARD: Certainly.

19 MR. DONALDSON: Mr. Chairman and members, what I
20 propose to do is first of all give us an overview of what
21 the March change process is, and talk a little bit about
22 timing real quickly, about the CEC process, and then about
23 the overall process as far as March change, and how it
24 relates to both the Legislature and the budget process.

25 The March change amendment process is essentially

1 a process to add new critical items to the pending budget
2 prior to its adoption by the Legislature. In addition to
3 that, the process is also designed to enable the Governor
4 and the administration to submit new revenue estimates
5 and significant workload changes.

6 The administration has indicated in its letter
7 to all of the departments that we're only to address our-
8 selves to new critical issues, and to workload issues,
9 and that issues that were already discussed in the budget
10 process should not be resubmitted.

11 However, the Commission is an exception in the
12 sense that the administration in putting together the
13 budget in December closed down the decision process without
14 a decision on our BCP's. They were the 21.6 BCP's that
15 were submitted -- that were resubmitted by us, through
16 agency, to the Department of Finance.

17 They, in effect, told us that they would allow
18 us to resubmit those BCP's during the budget change
19 process, in the March change process. Now, the timing on
20 the process is critical. The Legislature has to have the
21 package from the Department of Finance by March 15th. The
22 Department of Finance has indicated to us that they need
23 the package approved by agency by the 1st of March. In
24 order for my staff to put together the backup that we need
25 for the package, we need to have a decision today on the

1 package.

2 With regard to the process, what occurred is
3 that it was initiated by my staff in December with a letter
4 to the Executive Office to indicate that we should start
5 moving on this process. That started the ball rolling.
6 From then on, what we did is set up two meetings with the
7 Budget Committee that included the Division chiefs and
8 the Commissioner's advisers in which issues were discussed
9 and a format was -- the issues were arrayed on the format
10 that you see before you.

11 What we'd like to do today is run through those
12 issues, to add new issues if you have them, and to see if
13 we can come to some consensus on them.

14 COMMISSIONER COMMONS: I have a point of informa-
15 tion before you go forward.

16 MR. DONALDSON: Okay.

17 COMMISSIONER COMMONS: Do you have someone here
18 from the Department of Finance, or a letter from Department
19 of Finance to support your statement? It is hard for me to
20 believe that Finance didn't do its job, which is what
21 you're essentially saying.

22 MR. DONALDSON: First of all, I don't have a
23 letter to support that statement, but they did make that
24 statement. It was not the fact that they didn't do their
25 job, it was simply in trying to put together the Governor's

1 Budget, the decision process was very late, and the
2 printing schedule simply required that they shut the process
3 down. In shutting the process down, they gave us the
4 opportunity to resubmit the BCP's.

5 COMMISSIONER COMMONS: And another point of
6 information, they did not have the right to retain these
7 BCP's on their own for the March change, they had to come
8 back to us and ask us to resubmit, and we have no letter
9 requesting us to resubmit?

10 MR. DONALDSON: Well, yes, they did, Commissioner,
11 but normally we wouldn't depend on them to pick up the
12 ball on that, we'd like to be a little bit more sure.

13 COMMISSIONER COMMONS: Thank you.

14 MR. DONALDSON: Sometimes there's some slippage
15 there, and we'd just feel more comfortable if we sent the
16 package over with any additional new critical issues that
17 we have.

18 EXECUTIVE DIRECTOR WARD: I think based on the
19 Commission's past experience, it's in our best interests
20 to be proactive, Commissioner.

21 MR. DONALDSON: I would call your attention to --
22 we would like to use the overhead, and I would call your
23 attention to the summary of the March change proposals. I
24 will run through the summary, and then we'll start to go
25 through the backup material, and we'll answer questions as

1 we go along.

2 The summary of the March change proposals is
3 essentially, we put the package together as we had submitted
4 it to the Budget Committee. In other words, we have the
5 agency's resubmittals, that's the 21.6 positions, we have
6 the second adviser's, that's 5 person years, that was
7 included, or that was put together originally with the
8 BCP's, but that was not included in the agency resubmittal
9 package. Our understanding is that it's direction by this
10 Commission that we resubmit that as well.

11 The line that indicates first Budget Committee
12 meeting, that is the next page behind here as we'll go
13 through, so that it's the agency resubmittal, each one is
14 titled, then the next one is the 5 PY for the first Budget
15 Committee meeting.

16 Those items are essentially the items that were
17 submitted by ASD, fairly technical in nature to begin
18 the process. The next page in the package is the items
19 that were identified as being workload items --

20 COMMISSIONER COMMONS: I'm sorry, I'm totally
21 lost.

22 COMMISSIONER GANDARA: Mr. Donaldson, there must
23 be some confusion, we don't have what you're displaying.

24 MR. DONALDSON: Okay. Commissioner, the only
25 pages that I believe you don't have is the summary page,

1 which we added --

2 COMMISSIONER GANDARA: The first page?

3 MR. DONALDSON: Yeah, we added the summary simply
4 to give you some feel for what the total amount of the
5 package is.

6 COMMISSIONER GANDARA: Okay, fine, fine. I just
7 wanted to make sure we all had the same thing.

8 COMMISSIONER COMMONS: Is this quarterly review
9 contract list, is this what we're looking at?

10 MR. DONALDSON: No, that's not, Commissioner.
11 The title should say, "Summary of March Change Proposals".

12 COMMISSIONER COMMONS: My book doesn't have that.

13 COMMISSIONER GANDARA: What we have starts with
14 list number three dated February 21st.

15 MR. DONALDSON: That's right, that's correct.

16 COMMISSIONER COMMONS: List number three is
17 Agenda Item No. 13, my book does not have anything in it.

18 (Pause)

19 COMMISSIONER GANDARA: Now we have what you have.
20 Thank you.

21 MR. DONALDSON: Okay. Your page that says, list
22 number three, agency resubmittal, these are the 21.6 BCP's
23 that we resubmitted. In addition, it includes the 5 PY's
24 for the Commissioner's second adviser, or technical adviser.

25 COMMISSIONER COMMONS: Okay. Before you go into

1 that next page, are there any items that we had in our
2 original budget that are not included in these 21?

3 MR. DONALDSON: In the original budget, or the
4 original BCP package?

5 COMMISSIONER COMMONS: This Commission adopted
6 a BCP package.

7 MR. DONALDSON: Yes, there are items that are
8 not included.

9 COMMISSIONER COMMONS: Why? Why did we -- how did
10 we get to 21 instead of what we did?

11 MR. DONALDSON: Those were the items that were
12 identified by agency as items that they would support with
13 the administration.

14 COMMISSIONER COMMONS: Okay. Well, maybe I'm
15 jumping ahead of the gun, thank you.

16 MR. DONALDSON: I don't believe you are,
17 Commissioner, those are the 21.6 positions that the
18 Resources Agency Secretary indicated that he would support
19 for the CEC with the Governor and the administration. That
20 was out of the total package that we submitted to them.

21 COMMISSIONER GANDARA: Just so we understand.

22 COMMISSIONER COMMONS: Do you have a list of the
23 ones that he would not support?

24 MR. DONALDSON: Yes, sir, I can get that list for
25 you.

1 COMMISSIONER COMMONS: I'd like to see it please.

2 COMMISSIONER GANDARA: This -- to help the
3 process here, this is the revised BCP summary, I think
4 would answer Commissioner Commons' question.

5 MR. DONALDSON: That's right, that's correct.

6 COMMISSIONER GANDARA: Okay, now -- go ahead,
7 Mr. Donaldson.

8 EXECUTIVE DIRECTOR WARD: In some cases, the 21.6
9 is reflective of what we understood and gleaned from the
10 meeting with the agency secretary and the Department of
11 Finance, was a significant concern on the part of adminis-
12 tration upon adding new PY's. So what we ended up doing,
13 in some cases, is increasing contractual requests, and
14 reducing PY requests to ultimately accomplish the same end
15 that we had originally -- the Commission had originally
16 directed.

17 COMMISSIONER COMMONS: Well, I can understand
18 that, but I cannot act upon it without being given the
19 comparison information. I happen not to be a member of
20 the Budget Committee. What you're referring to --

21 MR. DONALDSON: Okay, let me propose this. Let
22 me continue with my presentation, and we'll call upstairs,
23 and we'll get -- we have a summary that includes the
24 original BCP submittal, the submittal as approved by
25 agency -- Dale, maybe you could do me a favor, and just call

1 and see if we can get that package that has all four?

2 MR. BOSLEY: Okay.

3 MR. DONALDSON: Why don't we do this -- also,
4 Dale, if you'd do me a favor, put that second page on,
5 the one that begins the accounting positions, SB 992, I'll
6 walk through that, and then we'll come back to the BCP's,
7 if Commissioner Commons would like, when we get that list.

8 COMMISSIONER GANDARA: While we're waiting for
9 that, maybe we can just -- if we can understand the process.
10 We submitted our budget to resources, okay. What you are
11 characterizing as agency resubmittals is then what Resources
12 submitted to Finance, is that correct?

13 MR. DONALDSON: That's right, that's correct.

14 COMMISSIONER GANDARA: Now, I think on the second
15 page, just to clarify this, on the second advisers, you
16 have identified as policy issues, and not resubmitted to
17 agency. Should that read, and not resubmitted by agency,
18 by Resources Agency? Or not resubmitted by us?

19 MR. DONALDSON: Well, roughly the same, yes. What
20 agency said to us was that they considered the five advisers
21 to be a policy question that we could submit to the
22 Governor's office if we chose. They were not going to
23 submit that with the package that they submitted.

24 COMMISSIONER GANDARA: Okay. What I'm trying to
25 get at is the use of the term, resubmittal. A resubmittal

1 is not a resubmittal by us, but a resubmittal by Resources
2 Agency to Finance, is that correct?

3 MR. DONALDSON: That's right, that's correct.

4 COMMISSIONER GANDARA: So that should be not
5 resubmitted by the Resources Agency to the Department of
6 Finance.

7 MR. DONALDSON: Right.

8 COMMISSIONER GANDARA: I think that's causing
9 some confusion here.

10 MR. DONALDSON: Okay.

11 COMMISSIONER GANDARA: Go ahead.

12 MR. DONALDSON: What I would propose to do while
13 we're waiting for the list for Commissioner Commons would
14 be to move into the items that we consider essentially
15 technical in nature, that would be on page 2 of your
16 document that says, previously identified March change
17 issues, Budget Committee. There's a total of 5 PY and
18 \$330,000 in contracts.

19 The first item is the accounting positions. There
20 are 2 PY's, and what occurred on this item is that it was
21 not included in the agency resubmittal because Department
22 of Finance had indicated that they would be willing to
23 review during the March -- between the period of January
24 and the March change process, our workload data, and would
25 be prepared to make a recommendation on those items during

1 March change.

2 They have looked at that data, and our under-
3 standing from the auditors, that they are prepared to
4 support that data. We're now going back to ask for the
5 positions.

6 With regard to SB 992, SB 992 is 3 PY and
7 \$400,000 for grants or technical assistance contracts to
8 provide siting and permit assistance to local governments
9 and private developers for energy facilities not subject
10 to the Commission's jurisdiction.

11 This is a chaptered bill, it was a bill by
12 Senator Garamendi, and included \$100,000 in the current
13 year, and to continue the program, we have to include these
14 funds, and this request in the March change process.

15 The following item is \$1.8 million for GRDA
16 augmentation. This proposal would increase the Department's
17 appropriation for this -- for local grants to \$4.54 million.
18 The 1984/5 Governor's budget reflects \$2.75 million available
19 in GRDA. The Department of Finance has indicated that an
20 additional \$1.8 million will be deposited into GRDA and
21 available to the CEC for grant funding during the next year.

22 Our indication is that we have far more applica-
23 tions than the \$1.8.

24 With regard to the next item, siting and environ-
25 mental contract funds. \$280,000 in contract funds for

1 expert witness testimony in siting cases, the acquisition of
2 data from the Resources Agency natural diversity data base,
3 and streamlining the siting process for geothermal power
4 plants in the Geysers area, and providing capability for
5 transmission system evaluation.

6 All of these items are included in the \$280,000
7 and it was an oversight on the part of the Department of
8 Finance, they just simply failed to look at this item, and
9 they made no judgment on it. They have given us informal
10 indication to go ahead and resubmit that item, and our
11 indication is that it will be approved.

12 SWCAP, this item is the Statewide Cost Allocation
13 Plan, and it involves those central costs that are reim-
14 bursable from the federal government. Again, this is an
15 item that we've talked to Department of Finance on, and
16 they'll agree to an inclusion in our budget.

17 COMMISSIONER COMMONS: Before you go forward,
18 I'd like to ask a question of the other Commissioners.
19 Rather than get into this detail, why can't we just resubmit
20 all those items that weren't included, and if the Department
21 of Finance wants to include some and not exclude others,
22 that would be their prerogative, rather than going back
23 through, and coming up with a new budget.

24 We essentially reached an agreement on the
25 budget, I thought, last September. Do we want to submit

1 something because Finance hasn't done something, why don't
2 we just submit the whole package back to them.

3 COMMISSIONER GANDARA: If I might suggest that
4 that clearly would be one way to go, given the experience
5 that we had last year. As you may recall, we submitted a
6 budget that was in excess of the base that we had then,
7 which was around 500 PY. The Governor declared in his
8 budget message the 348. We resubmitted March change
9 proposals up to 422. The results of the March change
10 process was with the original 348. We went to the
11 Legislature, we got 409, and after that, the final budget
12 had the 348 we originally started with.

13 So in view of the reality of the situation we
14 have here, it might seem, in fact, that one option to do
15 is just to resubmit the budget and say, that's the needs
16 that we have.

17 The other point of view, however, could be that
18 we might stand a better chance of a budget that reflects
19 our requirements, although perhaps not as fully as we'd
20 like, if we become a bit more realistic about what we will
21 add, if we sum up the 68.08 PY, additional that you -- that
22 was recommended by the staff, that comes out to what
23 total budget, Mr. Ward?

24 EXECUTIVE DIRECTOR WARD: Dollars?

25 COMMISSIONER GANDARA: No, just in terms of the

1 PY, just for a measurement.

2 MR. BOSLEY: We've indicated \$2,600,000 in rough
3 figures for PY's.

4 COMMISSIONER GANDARA: No, I understand that.
5 What I'm saying is if you added it to our base, I'm
6 assuming that the result of your summary on the first page
7 is that we are asking for an additional 68.05 PY, is that
8 correct, of the March change process.

9 MR. DONALDSON: That's right, that's correct.

10 COMMISSIONER GANDARA: Okay. That brings us to,
11 in addition to what has already been approved, a total of
12 what?

13 MR. DONALDSON: We've already had approved a
14 total of --

15 EXECUTIVE DIRECTOR WARD: 416.5

16 COMMISSIONER GANDARA: To 416.5.

17 EXECUTIVE DIRECTOR WARD: That's total, that's
18 the 348 plus the amount here.

19 COMMISSIONER COMMONS: 63.05 is the number we're
20 adding, or proposing?

21 MR. BOSLEY: 68.05.

22 COMMISSIONER COMMONS: 68.05.

23 DEPUTY DIRECTOR SMITH: The difference is, in
24 the package you have the five second advisers weren't
25 included in that package and they are included in the total.

1 COMMISSIONER COMMONS: Randy, we're not going to
2 get 68 more people are we?

3 EXECUTIVE DIRECTOR WARD: I think Commissioner
4 Gandara's crystalization is a fair one. If the Commission
5 were to take a tact that failed to recognize the process
6 and look at some of the things that have occurred in the
7 past, then to some extent they're limiting my ability, and
8 Mr. Donaldson's ability to try to meaningfully deal with
9 the Department of Finance on these issues.

10 So I think that we have some opportunity here
11 to get some additional positions. I don't know where
12 Finance is at. I don't have a sense of what their policy
13 is in the March change, and why it would be any different
14 than what it was in November.

15 COMMISSIONER COMMONS: We did it last year, you
16 know, we came up with one budget, then we went through and
17 came up with another budget, and the Legislature came up
18 with a budget, nothing changed. It just seemed like an
19 exercise of futility.

20 Doesn't the Legislature have a right to look at
21 our budget, adopt those portions of the budget they like,
22 and Department of Finance and the Governor has a right to
23 accept those portions that they want?

24 EXECUTIVE DIRECTOR WARD: I think you're talking
25 about two different processes here, Commissioner. We're

1 trying to go through a process that would enable us to
2 have the administration's support for certain elements of
3 our programs. If there is a lack of concurrence between
4 the Commission and the Department of Finance, then that,
5 I think, is one issue. So we're dealing with the former,
6 rather than the latter at this point.

7 COMMISSIONER COMMONS: Well, if we submit
8 everything that we did before, then they can say that they
9 agree with us in these areas, and then we have these areas
10 of support.

11 COMMISSIONER GANDARA: Before we get further, I'm
12 a bit confused. When you say that we are submitting March
13 change proposals that would bring us to a total budget of
14 around 416, my recollection was that the budget that we
15 submitted was for 389. So --

16 EXECUTIVE DIRECTOR WARD: But the budget we
17 submitted didn't reflect a couple of critical areas. One
18 of them was siting, we left siting at, remember, a baseline,
19 and we've since redefined the workload in the Siting
20 Division based on submitted cases. That's what accounts
21 for the --

22 COMMISSIONER GANDARA: Okay. Well, I guess that
23 was my question, because the open question was whether the
24 68.05 was being added to the baseline, which was less
25 limited term, but in fact it's being added to the 348 that

1 came back.

2 MR. DONALDSON: That's right.

3 COMMISSIONER GANDARA: Okay, fine. You know,
4 given the situation that we have, it seems to me that we
5 are, you know, proposing for the March change process an
6 augmentation from our original budget submittal,
7 Commissioner, so you know, while there may be different
8 emphasis in some areas, what we do have here is a proposal
9 that augments those areas that the -- and the assessment
10 of the interaction that we've had, you know, reflects
11 perhaps a greater likelihood than the original budget
12 submittal.

13 MR. DONALDSON: Commissioner, we have different
14 kinds of items that are included in the package. We have
15 the resubmittal package that was indicated earlier that
16 the Department of Finance has given us permission to
17 resubmit those, the workload adjustments as in the case
18 of siting; and we have new critical items that falls
19 clearly within the memo from the Department of Finance, as
20 for example, the fire alarm system, some of the others
21 that we'll get to in the presentation. So we have kind of
22 a mix in the package.

23 COMMISSIONER GANDARA: Okay. Why don't we
24 proceed with the presentation as best we can, let's let
25 the staff present what it is, and then ask questions of the

1 content here, and then raise these other wider issues,
2 perhaps after.

3 MR. DONALDSON: Okay. I would call your attention
4 again to the first page that includes the BCP resubmittal
5 package of 21.6, and I would ask the Commissioners how you
6 would like to walk through this. We've gone through it in
7 great detail, and while I am prepared to go through it
8 item-by-item today, it would be fairly lengthy, and perhaps
9 maybe what we could do is simply if you have any questions
10 on the package that you previously approved, we'd be happy
11 to try to field them.

12 COMMISSIONER COMMONS: My one question was what
13 we are not submitting.

14 MR. DONALDSON: Okay.

15 EXECUTIVE DIRECTOR WARD: I might mention that --
16 I might mention, and the Chairman may want to make comment
17 on this also. It's my understanding that by virtue of the
18 Department of Finance considering certain elements of our
19 budget at a later date than Mr. Donaldson emphasized, it
20 was not mechanically possible to include some of those
21 items in the budget.

22 They indicated March change was the appropriate
23 posture for us to take. Now, that is quite a bit different
24 than how other agencies were exposed to that budget process.
25 The Department of Finance's policy on that, as well as the

1 State Administrative Manual, precludes previously denied
2 budget change proposals from being included in the package.

3 So by virtue of, I think, the Chairman's
4 persistence, we're getting a second shot. But I think the
5 important issue here regarding Commissioner Commons'
6 comments, are that if we submit budget change proposals
7 that were expressly denied by the Department of Finance,
8 they'll simply cursorily do that again.

9 COMMISSIONER COMMONS: But how -- you know, it's
10 very hard for me to understand that there were 21.6 that
11 weren't looked at, and there were some other number that
12 were looked at and denied, because none were --

13 MR. DONALDSON: Commissioner, I'd call your
14 attention to the page that we handed out to you, this page
15 that's in front of you right now.

16 COMMISSIONER COMMONS: Which page?

17 MR. DONALDSON: That Dale Bosley just handed out.

18 CHAIRMAN IMBRECHT: They go that way, okay,
19 maybe you didn't get it.

20 MR. DONALDSON: Commissioner, in the first
21 column here is the items that the CEC originally submitted.
22 If you'll look at the third column, it's the agency
23 resubmittal column. As you scan across there, you can see
24 which items were not included and which ones were.

25 COMMISSIONER COMMONS: But there's a difference

1 a difference between the agency and Department of Finance,
2 and what our understanding is, did Department of Finance
3 act on any of these?

4 CHAIRMAN IMBRECHT: No. Department of Finance
5 acted on those which were approved. They deferred action
6 on the remainder. There was another issue was standing
7 out, and there's a third one, I guess it was small -- let's
8 see -- yeah, the small power producers. That doesn't
9 show up in here, because that was --

10 MR. DONALDSON: Yeah, it does under the original
11 one, Mr. Chairman. Under the original Department of
12 Finance initial recommendation, they have the small power
13 producers out.

14 CHAIRMAN IMBRECHT: I see, I see, right.

15 MR. DONALDSON: In the other recommendation,
16 they simply did not include that negative BCP.

17 CHAIRMAN IMBRECHT: Yeah, if you look down there
18 at the bottom -- let me just try to give you a brief
19 overview, Commissioner Commons. We submitted the 81.8
20 which included -- that's not really an accurate illustration
21 of how much we were requesting, because you'll note that
22 3.5 are PIIRA, 32 for power plant siting/certification,
23 and so forth, for a limited term, some of those footnotes
24 and caveats that you see at the bottom of that sheet.

25 But as a practical matter, not only did the

1 original response from Finance come back, none of the 81.8,
2 but moreover, we are going to pursue two negative BCP's
3 of our own, namely, the elimination of the Small Power
4 Producers Office at 9 PY, and contingency planning at 1.9.

5 After direct intervention on that -- well, then
6 that is then brought back to the Agency Secretary, Secretary
7 Van Vleck, after a very long consideration of each of our
8 BCP's agreed to support us before Department of Finance to
9 the tune of 62.1 out of the original 81.8 that we had
10 requested.

11 That in turn then went back to Finance once
12 again. Originally what came back from Finance was their
13 two negative BCP's that you see in the second column,
14 and none of the stuff that they finally agreed to in the
15 fourth column. Really, as a practical matter, the net
16 difference was more like 50 positions, rather than 40,
17 because they dropped two negative BCP's.

18 In any case, it was literally the night before
19 the galleys were to be locked up on the Governor's budget
20 proposal that they agreed to the fourth column, and after
21 a fairly long and somewhat contentuous meeting, agreed
22 that they were not formally denying any of our other BCP's
23 which had been resubmitted by agency, namely the roughly
24 21 and something.

25 At that point in time, indicated to me that they

1 would not treat those as having been denied BCP's for
2 purposes of March change, but would accept resubmittal of
3 those. As Mr. Ward indicated, that is substantially
4 contrasted with the way they handle other agencies, which
5 basically are precluded from resubmittal of any of their
6 BCP's that have been in one sense or another, considered
7 in the original budget process.

8 So where we stand right now is basically, we have
9 the BCP's leftover from last fall, we have the 5 PY that
10 are associated with legislative mandates, and I believe
11 that's -- and then two positions in accounting which were
12 subject to an audit that we agreed to with Department of
13 Finance in -- when was that, December, I guess?

14 MR. DONALDSON: That's right, that's correct.

15 CHAIRMAN IMBRECHT: And dependent upon the
16 outcome of that audit, would determine whether or not
17 those 2 PY would be agreed to. The audit apparently has
18 come out in our favor, and so we would not anticipate any
19 problem on those 2 PY. So that's why that's displayed to
20 you as a separate page of, in effect, noncontroversial
21 BCP's.

22 Then lastly -- then the third page reflects
23 another agreement that was made with Finance at that point
24 in time, and that was that they would, in the budget
25 proposed on January 10th, would include our existing siting

1 staff of 32 PY, and that in addition, they would audit
2 our siting workload and agree upon an appropriate number
3 based upon that workload, for either augmentation or
4 reduction in the March change.

5 Now, that audit has produced, apparently,
6 consensus, is that accurate?

7 MR. DONALDSON: That's right, that's correct.
8 We don't have a letter from them, but in talking to Ross
9 Deter, and Ross will be able to speak to it --

10 CHAIRMAN IMBRECHT: Their staff agrees that
11 siting should be augmented to the point of 16 PY.

12 MR. DONALDSON: That's correct.

13 CHAIRMAN IMBRECHT: So you can basically take
14 pages 2 and 3, and I hope, at least, treat those as pro
15 forma. Then the fourth page represents those BCP's that
16 represent recommendations from staff and various
17 Commissioners as to appropriate staffing levels for
18 ongoing functions of the Commission, and I think those are
19 all fairly self-explanatory. In some cases they represent
20 recommendations that we augment some of those nonresolved
21 BCP's that are found on the front page. That procedurally
22 is where we stand.

23 COMMISSIONER COMMONS: Let me just see now, if
24 I understand. If I look at the third column on this
25 little page that you passed out --

1 CHAIRMAN IMBRECHT: That was the fine print,
2 right.

3 COMMISSIONER COMMONS: Like under computer
4 services was 4.5, it's now down to three, essentially --

5 CHAIRMAN IMBRECHT: No, it's down to zero.

6 COMMISSIONER COMMONS: Well, the agency
7 resubmittal is 3.0.

8 CHAIRMAN IMBRECHT: Right, but the Governor's
9 budget as it currently exists is the fourth column.

10 COMMISSIONER COMMONS: Right, the things that
11 we would be eliminating, though, would be where the
12 agency resubmittal is different than the CEC original
13 submittal, which comes out to roughly 10.9.

14 CHAIRMAN IMBRECHT: No, it's roughly 20 positions.

15 COMMISSIONER COMMONS: Well, I was excluding the
16 F-1 and F-2, which you said were the --

17 CHAIRMAN IMBRECHT: Well, even excluding that,
18 it's still roughly 20 positions. I'm pretty sure that's
19 what it should add up to, because I think our original BCP's
20 were around 40, and the agency agreed to 21.5, and so
21 that's basically where we stand.

22 COMMISSIONER COMMONS: Okay. I only come up to
23 10.9.

24 DEPUTY DIRECTOR SMITH: I believe that totals
25 the 21.6 that's on the first sheet here.

1 CHAIRMAN IMBRECHT: The BCP's that we submitted
2 last fall in our original budget proposal were in the
3 neighborhood of 40 PY, and Secretary Van Vleck and the
4 agency agreed to support us to the tune of 21.5 of those
5 positions. We are not recommending submittal of those
6 -- those original 20 were, in effect, turned down, and
7 those, I think, would fall -- fairly be characterized as
8 part of the normal treatment of other agencies by Finance.

9 COMMISSIONER COMMONS: Okay. I think I see where
10 the difference in the arithmetic is. On accounting office
11 and second advisers, there's a bracket around two and
12 around five, so that accounts for --

13 MR. DONALDSON: Well, some of the other items
14 are different, as for example, take Item No. 8, General
15 Counsel. We originally submitted General Counsel --

16 COMMISSIONER COMMONS: No, I marked that one,
17 that's how I got to the 10.9. But I guess we have a
18 bracket, and the agreement is we're going to go five down
19 from where we are?

20 CHAIRMAN IMBRECHT: No, that --

21 COMMISSIONER COMMONS: What is the bracket?

22 CHAIRMAN IMBRECHT: The second adviser issue is
23 one that Secretary Van Vleck basically decided to punt on,
24 and I think I can understand his reasons, and it was his
25 suggestion to me that I raise that with the appropriate

1 authorities on the basis of policy.

2 COMMISSIONER COMMONS: Okay, I think I understand.

3 CHAIRMAN IMBRECHT: He did not --

4 MR. DONALDSON: An accounting office, Commissioner,
5 is just strictly workload.

6 CHAIRMAN IMBRECHT: He basically asked us at
7 the time, you know, did we want that to be part of what
8 he was going to recommend, or did we want program elements
9 of the Commission's responsibilities.

10 COMMISSIONER COMMONS: Does it affect us in the
11 Legislature, your being an ex-Legislator? In essence,
12 if we resubmit so many of these things --

13 CHAIRMAN IMBRECHT: Look into my crystal ball,
14 okay.

15 COMMISSIONER COMMONS: If we resubmit these things,
16 are we going to get hurt in the Legislature in getting a
17 look at that 21.6 without evaluating that they're good, or
18 bad, or indifferent. How is that going to affect the
19 Legislature, or how is that going to affect us later on
20 if the Legislature likes it, in the process with the
21 Governor.

22 CHAIRMAN IMBRECHT: I don't think it's going to
23 affect that at all, frankly. You know, I would operate
24 from the assumption that the Legislature is probably more
25 inclined to accept some of these BCP's than would be the

1 Department of Finance. The real issue is we've earned --
2 maybe I should say as I learned, or whatever, last year,
3 that we clearly have to have some agreement with the
4 Department of Finance, and that the mere insertion of
5 those items by the Legislature is not likely to prevent
6 a blue pencil. So the prudent way to proceed is to get
7 agreement from the administration as I see it. That's why
8 we've really bent over backwards to try to play the game
9 by their rules, if you will.

10 Yes, Commissioner Gandara.

11 COMMISSIONER GANDARA: A point of information.
12 Before you arrived, I don't think I understand fully what
13 we're doing, notwithstanding the fact that I was on the
14 Budget Committee. So I want to know what it is that we're
15 submitting as March change proposals, because we were
16 told earlier that we were submitting March change proposals,
17 a total of 68.05, in addition to the 348 that we have
18 from Finance, for a total of around 416.

19 Now, it seems to me that the way I see the
20 arithmetic going here that that isn't the case, because
21 there's a lot of double counting. Now, if we take this
22 revised BCP summary--

23 CHAIRMAN IMBRECHT: A lot of double counting?

24 COMMISSIONER GANDARA: Yes. If we take the
25 revised BCP summary, and you bear with me, and I'll

1 describe what I understand, and if it deviates from that,
2 then I would appreciate being corrected.

3 CHAIRMAN IMBRECHT: Sure, shoot.

4 COMMISSIONER GANDARA: I like to think not only
5 in terms of the BCP's, but also in terms of the baseline,
6 and my understanding from the information that was given
7 to us was that our baseline was 307.5 PY, and that we
8 submitted BCP's for 1984/85, the next fiscal year, of a
9 total of 81.8. That is the number that appears on your
10 CEC original submission.

11 That totals our submittal with respect to PY, to
12 389.3. Then the initial recommendation by Department of
13 Finance was to subtract minus 10.9, so that that would
14 have left us at a total of 337.1.

15 CHAIRMAN IMBRECHT: No, no, that would have
16 taken us down to a total of 297.

17 MR. DONALDSON: That's right, that's correct.
18 They started from our base --

19 CHAIRMAN IMBRECHT: No, it would have taken it
20 down to 300 -- from 307 down to 300. No, that's 10, so
21 that would have taken it down to 297 or that general
22 neighborhood, okay.

23 COMMISSIONER GANDARA: 297, okay. We're getting
24 there.

25 CHAIRMAN IMBRECHT: Okay.

1 COMMISSIONER GANDARA: Then the agency resubmittal,
2 however, supported -- that's the Resources Agency resubmittal
3 supported BCP's of 62.1, which would have put us at 369.6,
4 is that correct, that's 62 to the base.

5 CHAIRMAN IMBRECHT: Yes, because you did not
6 take it -- that's right, on top of the 307, that's
7 correct.

8 COMMISSIONER GANDARA: But the DOF final
9 recommendation was for 40.5, which brings us back to 348,
10 to exactly where we are.

11 CHAIRMAN IMBRECHT: Right.

12 COMMISSIONER GANDARA: Okay, now, if I
13 understand -- I'm with you thus far. Now, if we take the
14 front page of the first viewgraph here, where we see a
15 total of 68.05, if we were to submit everything that is in
16 the subsequent four pages, that would be a 68 added to our
17 baseline of 307, which would bring us to 375.5.

18 CHAIRMAN IMBRECHT: No, no, it would be 68 on
19 top of our 348.

20 MR. DONALDSON: See, we are --

21 MR. BOSLEY: That's correct.

22 CHAIRMAN IMBRECHT: The 68 is over and above the
23 348 that's already been approved.

24 MR. DONALDSON: We are assuming a base of 348
25 because the administration has already agreed to the 40.5

1 in the limited term positions. So we are assuming a base
2 of 348.

3 COMMISSIONER GANDARA: Okay. So that would be a
4 total of 416.05. Okay, now, either that -- as I understand
5 it now, that -- we submitted that to Resources, or
6 Department of Finance, or who are we submitting this to?

7 CHAIRMAN IMBRECHT: We submit this -- the pro-
8 cedure is we submit this to resources. It's kind of a
9 repeat of the procedure last time. We submit to Resources,
10 and then that in turn goes to Finance.

11 COMMISSIONER GANDARA: Okay. Now, what we are
12 saying that is firm from this additional 68.5 are the
13 technical changes that are on the second page, in accounting,
14 SB 992, all those things.

15 CHAIRMAN IMBRECHT: And the third page, siting,
16 so that's 21 out of --

17 COMMISSIONER GANDARA: So we're talking about the
18 item on the first page that says first Budget Committee
19 meeting, and second Budget Committee meeting, those are
20 solid. They're as solid as things can be, let's put it
21 that way.

22 CHAIRMAN IMBRECHT: Yes. That's correct.

23 COMMISSIONER GANDARA: Okay. Now, the Commission
24 has also decided to include as a resubmittal to the
25 Resources Agency the second advisers, the five.

1 CHAIRMAN IMBRECHT: That's correct.

2 COMMISSIONER GANDARA: Okay, and that's the one
3 that they funded on. And we are also submitting the 21.6
4 which the 21.6 are the one Resources --

5 CHAIRMAN IMBRECHT: Had originally approved and
6 supported. The 21.6 are the ones that the Secretary
7 supported us on.

8 COMMISSIONER GANDARA: Well, now, that's where
9 I get confused, because the 21.6 comes partly out of the
10 62.1 of the agency resubmittal, is that right?

11 CHAIRMAN IMBRECHT: That's right. See the
12 difference is -- the difference is 40. -- 62.1 minus 40.5
13 gives you the 21, okay?

14 COMMISSIONER GANDARA: Okay.

15 CHAIRMAN IMBRECHT: So some portion of that 21.6
16 you will find enumerated in various pieces down here under
17 agency resubmittal.

18 COMMISSIONER GANDARA: Okay. Now, the one that
19 says requiring further review, 20.5, now that's today's
20 review?

21 CHAIRMAN IMBRECHT: That's correct. Those are
22 what would be fairly characterized as brand new BCP's that
23 have never been before the full Commission for consideration.
24 Everything else that is before you has been approved by
25 the Commission at one point or another.

1 COMMISSIONER COMMONS: Let me try something.

2 CHAIRMAN IMBRECHT: All right.

3 COMMISSIONER COMMONS: Let me try a motion to
4 approve pages 1, 2, and 3.

5 CHAIRMAN IMBRECHT: Well, let me just suggest --
6 before you do that, let me just try a couple of things as
7 well. It is my general -- I'm going to give you a couple
8 of observations that if we submit on top of the 21 PY that
9 appear to be fairly workload oriented, and have been
10 agreed to at least by lower level Finance staff, that leaves
11 us with 47.05 PY of additional BCP's potentially for
12 submittal.

13 The Commission now has basically a strategic
14 decision to make. Do we feel that that is utterly the
15 appropriate staffing level for the Commission and should
16 go forward on the basis and principal with that recommenda-
17 tion, or by contrast, is there recognition that -- and I
18 would say that it would be my general suggestion that it
19 is highly unlikely that we're going to receive 47.05 over
20 and above an additional 21 PY, which is going to be tough
21 enough. I just --

22 COMMISSIONER COMMONS: I only recommended pages
23 1 through 3, not 4.

24 CHAIRMAN IMBRECHT: I understand, that's the
25 reason I'm getting to this final point. So then I think

1 that if there is any consideration about somehow modifying
2 the 47.05, in my view, the issue is, do all of the items
3 on the first page continue to be of a higher priority than
4 all of the items on the fourth page, and if that's the
5 case, then your motion would be appropriate.

6 If, by contrast, there is Commission feeling
7 that some of the items on page 4 are of greater priority
8 than those on page 1, then I think we ought to consider a
9 substitution, and I think that frames the issue at least.
10 Commissioner Gandara.

11 COMMISSIONER GANDARA: With one modification,
12 because you are including in the 47.05, the five second
13 advisers, and therefore not including them in your high
14 priorities. So it would seem to me like --

15 CHAIRMAN IMBRECHT: That would really be more
16 like 42, you're right. That's fair.

17 COMMISSIONER GANDARA: It would seem to me that
18 I would be in concurrence with what you've suggested if
19 we're talking about the 42, you know. What do we do about
20 42, and the last page versus whatever we have, or if you
21 want to include it put them all -- that's the issue.

22 CHAIRMAN IMBRECHT: That's correct.

23 COMMISSIONER COMMONS: Let me give you my
24 reasoning as to --

25 CHAIRMAN IMBRECHT: Okay.

1 COMMISSIONER COMMONS: First of all, we've gone
2 through a lot of hoops in getting to this 21.6.

3 CHAIRMAN IMBRECHT: That is true.

4 COMMISSIONER COMMONS: And I wouldn't want us to
5 delete one of those hoops, because I think some of the
6 people have worked have, and can have some difficulty
7 explaining why we deleted it and put something else in.
8 I think it's a lot easier, where we had a Commission vote
9 and supported something, to proceed on that basis.

10 My attitude on the fourth page will be very
11 conservative, because I don't think we can go forward with
12 the 47, but my tendency is that we have gotten Department
13 of Finance to at least say, we are willing to take a look
14 at this, and we have gone through Resources, and they have
15 said that they like, and even if there are things that I
16 would like more on page 4 than on page 3, my tendency is
17 to follow through the hard and good work that has been done.

18 CHAIRMAN IMBRECHT: Very well. Let me just say
19 that I think we need to afford staff, particularly
20 division chiefs, an opportunity to address those items
21 on pages 1 and 4 that impact upon their division, and
22 indicate to us if they would reorient priorities between
23 pages 1 and 4 as it affects their division.

24 COMMISSIONER COMMONS: Can I try a narrowing of
25 the question, if there's something they'd like to delete

1 from page 1?

2 CHAIRMAN IMBRECHT: Well, whichever is fine.
3 You know, I think you understand the sense of what I'm
4 offering in the way of just a procedural approach to this,
5 and you know, the only thing I would say, I understand
6 generally what you're saying about the fact that we have
7 agency approval, but I think we want to go forward with a
8 package that is the most supportable in every respect, and
9 I'll just reiterate, to the extent that there are items on
10 page 4 that may be today more supportable than items on
11 page 1, I think they might be appropriate for substitution.

12 COMMISSIONER COMMONS: I will withdraw the motion
13 and --

14 CHAIRMAN IMBRECHT: So let me just suggest from
15 a procedural standpoint, why don't we ask each division
16 chief to comment within the context of what I just
17 indicated, and then we'll try to move to some resolution
18 on these items. Who wants to go first? We'll start with
19 Ross, I don't think you've got too much at issue here
20 beyond --

21 MR. DETER: I'm not absolutely sure that --

22 CHAIRMAN IMBRECHT: I don't know if you've got
23 anything on page 1.

24 MR. DETER: I have nothing on page 1.

25 CHAIRMAN IMBRECHT: So on page 4 you've got CEQA

1 analysis?

2 MR. DETER: I have CEQA analysis. That is to do
3 EIR's for what we anticipate to be incorporated in the
4 Conservation Division for building standards. If those
5 do not go forward, then the corresponding resources here
6 to do the CEQA work should also drop out.

7 For example, we have -- instead of 3.0 that
8 should be 2.5, and it should be building standards one
9 person year, appliance standards 0.7, petition amendment
10 0.5, and then a clearinghouse function of 0.3.

11 Now, if the building standards, appliance
12 standards and petitions, if you don't get funded for those
13 categories, then you can drop out the corresponding
14 resources for that work, so that would cut that down.

15 CHAIRMAN IMBRECHT: Would you give us that
16 breakout of the three again real quick?

17 MR. DETER: Pardon me?

18 CHAIRMAN IMBRECHT: The breakout of the three?

19 MR. DETER: The breakdown of the three, yes.
20 That should be 2.5.

21 MR. BOSLEY: Ross, the original application had
22 one-half PY temp help, has that been withdrawn.

23 MR. DETER: That's correct. No, the original
24 application -- this 3.0 is 2.5 person years of permanent
25 staff, and another .5 of temporary help, student.

1 CHAIRMAN IMBRECHT: Okay. How did you allocate
2 those 2.5 again?

3 MR. DETER: How do I allocate the 2.5?

4 CHAIRMAN IMBRECHT: Yeah.

5 MR. DETER: One person year is for building
6 standards, 0.7 for appliance standards, 0.5 for conservation
7 petition amendments, and 0.3 clearinghouse, which totals
8 2.5 permanent staff. Then on top of that 0.5 of temporary
9 help for a student.

10 CHAIRMAN IMBRECHT: Okay.

11 MR. DETER: The management and support below
12 that is all three person years are related to the power
13 plant siting program, and that fits within the category
14 Department of Finance said they would entertain that that's
15 a legitimate request. It's basically clerical support,
16 and a little bit of administrative help.

17 CHAIRMAN IMBRECHT: Okay, thank you. I think
18 that helps us.

19 MR. DETER: We might want to talk about legal
20 at the bottom at the same time, down at the bottom of page
21 4, small offices, power plant siting, and Bill can help me
22 out here, but that's 4.1 --

23 CHAIRMAN IMBRECHT: You're on a different page 4
24 than I am, because I've tracked you through the 2.5, but I --

25 MR. DETER: I'm sorry.

1 CHAIRMAN IMBRECHT: The rest of it, I think, is
2 all rolled together by task as opposed to office.

3 DEPUTY DIRECTOR SMITH: The legal positions, the
4 top of page 3.

5 MR. DETER: In any event, in the Siting Division,
6 we need 11.9 total resources, person years. The legal
7 office needs an additional 4.1.

8 CHAIRMAN IMBRECHT: The whole issue on staffing
9 for siting cases is something that last year and this
10 year, we've been repeatedly assured that we'll have whatever
11 resources we need to handle our workload.

12 MR. DETER: The verbal indication we got back
13 from the Department of Finance audit is that if anything,
14 our workload standards are conservative, so I think we're
15 in good shape as far as the workload standards are
16 concerned.

17 CHAIRMAN IMBRECHT: Whenever you get that verbal
18 indication, by the way, would you note who said it and
19 what time, and send me a little memorandum? I would like
20 to just build a little case on a few of these things.

21 MR. DETER: I'd be happy to

22 CHAIRMAN IMBRECHT: Thank you. Commissioner
23 Commons.

24 COMMISSIONER COMMONS: When you put this
25 together, we had Placerita, I assume, and I note that it's

1 been pulled. What effect did that have on the staffing?

2 MR. DETER: I just talked to my project manager,
3 it's been suspended for three to four weeks while they
4 reconsider the project. The reason the applicant has
5 suspended it is because of the air quality situation.

6 COMMISSIONER COMMONS: So it's not going to
7 affect you from a workload point of view, that's all I
8 wanted to know.

9 MR. DETER: No, three to four week suspension
10 will only slide us one month, which doesn't get us into
11 next fiscal year, and secondly, it's two person months,
12 so it's almost static within the overall workload.

13 COMMISSIONER COMMONS: Thank you.

14 CHAIRMAN IMBRECHT: Okay, fine. Thank you.
15 Ron, you want to go next?

16 MR. KUKULKA: There are no BCP's that affect
17 person years that we would suggest moving to the first
18 list. I would only comment, though, that the SAFRUA
19 program should be treated as a technical correction.
20 That's the \$2.3 million. Essentially, all we're really
21 asking for is to have spending authority to turn all the
22 money back around, and a number of projects look from this
23 year into next year, so that augmentation is merely, if
24 you will, should be figured as a technical correction
25 as opposed to --

1 CHAIRMAN IMBRECHT: That's on page 3, that's
2 not on --

3 MR. KUKULKA: That's correct.

4 CHAIRMAN IMBRECHT: And on page 4, you don't
5 have anything there, do you?

6 MR. KUKULKA: I think it was only the wind --
7 the solar/wind tax credit enforcement, and I would not
8 bounce anything for that.

9 CHAIRMAN IMBRECHT: You want to keep methanol
10 instead.

11 MR. KUKULKA: Yes.

12 CHAIRMAN IMBRECHT: Commissioner Commons?

13 COMMISSIONER COMMONS: Can you refresh my memory
14 on BCP 36, on finance and technology on page 1?

15 MR. KUKULKA: Yes. That BCP essentially is
16 asking for additional staff to handle the increased
17 workload as a result of the PVEA projects that we anticipate
18 coming in next year. The RFP will be hitting the streets
19 this fiscal year.

20 COMMISSIONER COMMONS: That's a PVEA item?

21 MR. KUKULKA: That's correct.

22 CHAIRMAN IMBRECHT: Further questions?

23 COMMISSIONER SCHWEICKART: Ron, say something
24 about the solar/wind tax credit enforcement? I take it
25 there, that we're talking about the reporting standards

1 and that, sort of the performance, reporting --

2 CHAIRMAN IMBRECHT: That's right. There's some
3 viewpoints within the industry itself that you should
4 begin to address some of the concerns about project claims,
5 and all those sorts of things, yeah.

6 COMMISSIONER SCHWEICKART: So I take it that
7 that would effectively -- I would assume that that's a
8 fairly defensible --

9 CHAIRMAN IMBRECHT: I think it's fairly
10 defensible too, I think that's one that's fairly typical.

11 COMMISSIONER SCHWEICKART: -- activity, because
12 we're going to save a lot of general -- at least potentially
13 save a lot of general fund money.

14 MR. KUKULKA: That's correct. I think the
15 concern is that we'll go ahead with our voluntary wind
16 performance reporting, but the concern is that there are
17 claims at least that there are projects moving forward
18 that essentially aren't being installed, they aren't
19 performing, and that it may be a case for fraud in some
20 cases.

21 What we're looking at is a mode of getting all
22 the relevant agencies together in a task force, and
23 essentially investigating those projects that look to
24 have problems. So, it's a more extensive proposal, I think,
25 than merely reporting.

1 CHAIRMAN IMBRECHT: Okay. Since I know that
2 Ted's got the toughest job here in this little exercise,
3 we'll call Thom up next and give Ted a little more time
4 to make some choices.

5 MR. KELLY: Those items on the first page are
6 the ones we consider most important. We don't propose
7 substituting any others. For the natural gas demand
8 forecast, and for the other parts of the supply analysis,
9 we would propose to put that in the form of a BCP for the
10 next budget.

11 EXECUTIVE DIRECTOR WARD: Didn't the Budget
12 Committee also talk about the possibility of legislation
13 impacting, or the ability to do it --

14 COMMISSIONER GANDARA: What we talked about was
15 basically, again, that the natural gas forecasting that
16 every year we said we'd do more, and every year we do less,
17 it seems like, and that there is also -- again, I don't
18 know how concrete to take it, but the modification of the
19 SB 1380 can now include the fact that we would get together
20 with the PUC to come up with common forms and sets of
21 instructions by July of the next fiscal year. So it would
22 be within this fiscal year if that proceeded, and I think
23 it would be in our benefit if in fact that proceeded that
24 way. So that would, of course, affect that. But I don't
25 know whether you want to wait for that legislation.

1 CHAIRMAN IMBRECHT: One other thing, and I
2 basically made this point in the Budget Committee, and I'll
3 just reiterate it here for the benefit of the Commission
4 generally. The guidelines that we received from the
5 Department of Finance as to March change BCP's, new ones
6 basically, in effect, I don't recall the precise language,
7 but in effect suggests that the new BCP's should be
8 limited to those issues that represent workload, or
9 caseload --

10 EXECUTIVE DIRECTOR WARD: Public health and
11 safety.

12 CHAIRMAN IMBRECHT: Or represented some genuine
13 emergency kind of distinction from the status quo two
14 months earlier. While I agree with you on the natural
15 gas, I think it's hard to make the case that that particular
16 BCP would fall generally within the criteria of what is
17 appropriate for a March change letter.

18 COMMISSIONER COMMONS: So what you're saying is
19 something like the solar wind where we're suddenly getting
20 tax credit information that shows a huge increase, and
21 that we've had recent complaints.

22 CHAIRMAN IMBRECHT: Right. That conceivably
23 would even make out a case that there is a change in
24 circumstances, if you follow me. Generally March change
25 is designed to correct mistakes, or respond to exigencies

1 that have occurred in the interim between the preparation
2 of the Governor's budget, and the submission of the March
3 letters.

4 COMMISSIONER GANDARA: Just again, it seems to
5 me that -- well, we're taking it by division, so why don't
6 we go ahead.

7 CHAIRMAN IMBRECHT: Okay, fine. Ted?

8 MR. RAUH: Looking at the last page in the
9 handout, the division has tried to respond to several
10 factors. First of all, to the Commission adoption order
11 for the nonresidential building standards, and from input
12 from the industry regarding the need to be more responsive
13 to implementation of building standards.

14 We're suggesting two BCP's that are shown there
15 under Item 22, BCP Item 22, additions. The first which
16 is in response to the order adopting the nonresidential
17 building standards, and directing the staff to move
18 as expeditiously as possible to complete the two additional
19 building types during this fiscal year.

20 The second BCP deals with input from the industry
21 that we are not being successful in responding timely
22 enough to workload brought about by the confusion and
23 normal problems of implementing a new set of regulations.
24 This would be compounded by the fact that we'd have our
25 voluntary regulations for the office standards.

1 So the 2.5 are actually new positions reflecting
2 concerns of industry, and an appreciation of the workload
3 that is necessary to carry out a standards program. As a
4 way of background, this is an area that was substantially
5 cut in last year's budget by more than 150 percent.

6 The next BCP down, for BCP 25, deals with again
7 a reflection of workload. We have been receiving additional
8 funds into our Institutional Loans and Grants Programs,
9 and the load of grants per individual has steadily increased
10 in the last couple of years. This one position would
11 reflect a desire on our part not to have any particular
12 analyst in the program be responsible for more than 45
13 large grants, and without this increase, the grant load
14 would go up to nearly 60 per individual.

15 COMMISSIONER COMMONS: We have how many grants
16 in Conservation?

17 MR. RAUH: We have 235 right now, and of course,
18 that doesn't account for the large number of grants we'll
19 be making -- the Commission will be approving, we hope,
20 next business meeting -- or two business meetings from
21 now, in addition to another grant cycle, which you will
22 approve during the summer, and chance two cycles during
23 this fiscal year in question, 84/5.

24 COMMISSIONER COMMONS: How many PY are on this
25 now?

1 MR. RAUH: Five.

2 COMMISSIONER COMMONS: Existing, and what was
3 the comparable say three years ago, or two years ago?

4 MR. RAUH: Three years I believe we had seven
5 or eight.

6 COMMISSIONER SCHWEICKART: And many fewer grants.

7 MR. RAUH: And many fewer grants. This is a
8 program where we have scaled it back about three years ago
9 to reflect the fact that it was a smaller program, once
10 we got over the problems of developing the regulations and
11 implementing it. Now we've reached a point where we need
12 to consider adding more resources back so that we can be
13 good stewards of the some \$70 million we will have out
14 there.

15 CHAIRMAN IMBRECHT: Let me ask -- my recollection
16 is that we contemplated that Finance was also going to
17 audit, if you will, or evaluate our oversight of contracts
18 and outstanding public dollars from a workload perspective
19 only. Has that been done?

20 MR. RAUH: It's my understanding that they did
21 not look at that, even though it was our understanding
22 that they would.

23 MR. DONALDSON: No, they did not.

24 CHAIRMAN IMBRECHT: Can you give me why did
25 they not, Rick?

1 MR. DONALDSON: I can't answer that question, it
2 just simply wasn't part of the plan that they had when
3 they came over, and they were even confused on the
4 accounting. There appeared to be a lot of slippage between
5 the budget division and the audit division over there,
6 because there was even some slippage as far as what they
7 were supposed to do when assessing our accounting problems,
8 and we set them straight on that, and we couldn't get them
9 to audit the grants program, and then specifically, it was
10 in the Director's letter to the Department of Finance when
11 he first arrived.

12 EXECUTIVE DIRECTOR WARD: In fact, I believe
13 that was a letter with your signature on it.

14 CHAIRMAN IMBRECHT: Was there any explanation
15 that you received, Mr. Ward, on that?

16 EXECUTIVE DIRECTOR WARD: No, none whatsoever.
17 The only conversation that I had had to do with their
18 expanding our request at the time to include the Siting
19 Division, and so they went and looked at accounting in
20 siting, and really didn't look at the universe of loans,
21 grants, contracts, et cetera.

22 Now, this is just very recent information
23 relative to these audits. We're just starting to get the
24 verbal feedback. I don't believe that we have anything
25 in writing at this point. In other words, it's been our

1 perseverance as a result of being concerned about March
2 change that we even know these kinds of preliminary findings.

3 CHAIRMAN IMBRECHT: Okay. Will you make an
4 effort to find out if there is any just rationale for not
5 getting that?

6 EXECUTIVE DIRECTOR WARD: Certainly.

7 CHAIRMAN IMBRECHT: Try and get a staff response
8 on that? That's something I think I'll bring up this
9 afternoon. Okay.

10 MR. RAUH: With respect to BCP No. 26, conservation
11 PVEA staffing, when we had proposed two positions in the
12 budget, we did not anticipate the extensive workload in
13 developing proposals for the potential large amount of
14 PVEA dollars which would occur during this fiscal year.
15 Also, we didn't anticipate the responsibilities associated
16 with contract management, and the responsibilities of
17 supporting sister agencies, and other outside groups that
18 may need technical support in developing proposals which
19 are, in part, a responsibility within that contract.

20 So that coupled with the management of the \$9
21 million of PVEA funds within the division, necessitates
22 our coming before you, asking for an additional augmentation.

23 Finally, with respect to insulation quality, this
24 is clearly new work which has just been identified in the
25 last month, both through the enforcement efforts that the

1 Insulation Quality Standards Committee has been taking
2 with respect to Foil Fleet, and in response to reports we've
3 received from our insulation quality inspection activity
4 from the Bureau of Home Furnishings that indicate a
5 significant problem of public safety occurring in the
6 cellulose insulation industry.

7 To be able to move forward and aggressively
8 enforce these regulations, to make modifications to our
9 regulations, to guarantee public safety, we believe we
10 need this augmentation which includes two analysts, part of
11 a clerical staff, and part of a staff attorney to represent
12 during the hearing process of certification/decertification
13 review.

14 Now, in asking -- really in responding to the
15 basic question put to me about whether there are items on
16 the first page, or, I guess, list number three, as it's
17 noted, and this last page, I think that the -- as I've
18 indicated, all of the items that I have proposed are
19 in effect driven by Commission decision to date.

20 Essentially, the back page offers either
21 augmentations to items on the front page, or clearly new
22 work. The new work which I would characterize as an
23 expanded effort to enforce our existing standards totals
24 about five positions.

25 The other work which responds -- also is roughly

1 five or six positions, is extensions of ongoing new
2 programs, or a continuation of our program effort that is
3 expanding in conservation. So I really can't make a
4 recommendation for you inasmuch as I think all of the work
5 is essentially, but it's really a policy call as to
6 whether we do what we're already mandated to do more
7 effectively, or do that and go forward in new programs, or
8 in logical extensions of our existing authority.

9 CHAIRMAN IMBRECHT: Commissioner Gandara.

10 COMMISSIONER GANDARA: In view of the time and
11 the meeting that you have to attend, I think we ought to
12 be moving to a decision over here, and I have a recommenda-
13 tion, and again, just to get a proposal out there.

14 CHAIRMAN IMBRECHT: Fine, I appreciate that.

15 COMMISSIONER GANDARA: My feeling is that we
16 ought to go for the -- and I'm looking at the front page
17 called, summary March change proposals, that we ought to
18 go for the agency resubmittals, the second advisers, the
19 outcome of the first Budget Committee meeting, which are
20 mainly those technical things, as I understood them to
21 be in great likelihood, skipping over the 16 which are
22 the siting, let me then jump over to the 20.45, and say
23 out of those, at least indicate what I sense to be
24 pressing priorities at the Commission, and perhaps not by --
25 I don't mean by omission to say that the other ones

1 aren't, but at least with respect to the Committees that
2 are more involved, I'd like to hear from those Commissioners
3 perhaps later on.

4 It seems to me that the Insulation Quality
5 Standards that has been proposed to us is simply something
6 that's not driven by our choice, it's by external
7 petitions. That I think would be high priority. The
8 PVEA staffing, the additional one, I know that this is
9 one that has been argued, but nonetheless, I sort of feel
10 that given the kinds of situations, the kinds of situations
11 we found ourselves in last year, that there were some
12 tensions, unnecessary, I think -- well, perhaps necessary
13 to the outcome, but some tensions created by reshuffling
14 of staff, and reassignment of staff to try and plug one
15 leak, and then moving on to another one.

16 So that I think that we really -- PVEA is
17 something that we know is coming, and I think is something
18 that could provide a good basis, so that would be a
19 priority.

20 The CEQA analysis again is driven --

21 CHAIRMAN IMBRECHT: That's the 3.35?

22 COMMISSIONER GANDARA: The 2. -- yeah, that's
23 the 3.35. The CEQA analysis is driven again by our other
24 requirements, building standards, appliances, and so forth.
25 If I understood Mr. Deter correctly, these -- there was not

1 not a lot of discretion in these, as long as all the items
2 on page 1 remained.

3 COMMISSIONER COMMONS: No, on page 4.

4 CHAIRMAN IMBRECHT: Page 4, the ones at the top.

5 COMMISSIONER GANDARA: Oh, I see. Okay. Well,
6 there was a .74 appliances, and there's nothing on page 4
7 in appliances. The conservation petitions was .5 and
8 clearinghouse was .3, so that's a total of at least 1.5
9 there that is not driven by anything on page 4. Now, the
10 1.0 may be driven by the other, but in any case, again,
11 I'm looking at what we don't have much control over.

12 Now, with respect to the natural gas forecasting,
13 the division chief has expressed an interest of including
14 that in the next BCP. I would be willing to forego that.
15 I would like to hear from the Committees with respect to the
16 residential and local government -- the nonresidential and
17 local government issues, but that is sort of my summing up.

18 My explanation of skipping over the 16 on the
19 third page, that is the power plant siting. It seems to
20 me that we went through a year last year when in fact we
21 had certain expectations of what would be coming in, and
22 because -- in fact, there were deferrals, or cancellations
23 that we found ourselves in the position of having to
24 reassign staff from that division to other divisions on
25 loan and so forth.

1 So it seems to me that perhaps the best way to
2 deal with that, and I'm not minimizing the kind of support
3 or documentation you can provide for this, because it is
4 perhaps more speculative, it seems to me that we ought to
5 pick up as a priority, those areas that we know we can
6 schedule, and we know that is to some extent beyond our
7 control, and as these siting cases come in, then move in
8 for those augmentations in siting.

9 I think that we might, in fact, be in a position
10 of perhaps following an area that might be preferred, but
11 for which the initial claim to the staffing happens to be
12 from another area.

13 So that would be my recommendation, my initial
14 one.

15 CHAIRMAN IMBRECHT: For purposes of discussion
16 I'm going to make a motion, and let me react to it real
17 quickly. I was with you until the very end. The thing
18 about the siting is that -- and I generally take the
19 attitude that we go with Finance, who's in general agreement
20 with it, and coming back in with an augmentation or a
21 deficiency at a later date is all the more difficult,
22 and just means jumping over and through these hoops again,
23 and I for one am getting tired of walking across the
24 street to --

25 EXECUTIVE DIRECTOR WARD: Let me comment, Mr.

1 Chairman. Well, the fact that we've got some recognized
2 work standards in siting, it's one of the few areas that
3 we can quantify, and if we discount those standards, then
4 our credibility for future proposals is somewhat in
5 question.

6 CHAIRMAN IMBRECHT: I would just say thank God
7 as well that we have some flexibility in the siting and
8 have the ability to make some of those reallocations.

9 COMMISSIONER GANDARA: Well, perhaps I misunder-
10 stand what the 16 is, where I thought the 16 was power
11 plant justification.

12 CHAIRMAN IMBRECHT: What it is --

13 COMMISSIONER GANDARA: Is that justified by the
14 perceived filings?

15 EXECUTIVE DIRECTOR WARD: It's workload, all
16 workload.

17 CHAIRMAN IMBRECHT: The perceived filings
18 basically justify 48 people, all right.

19 MR. DETER: The 16 person years is justified by
20 the additional caseload that we expect to have during the
21 fiscal year, and that's a fairly conservative justification.
22 We've discounted three projects that we've been told are
23 going to come in, but we haven't added resources for them.

24 So it's taking the most likely and discounting
25 it by three or four projects.

1 CHAIRMAN IMBRECHT: It's taking the 32 that are
2 in the budget currently, and adding 16 on to it so the --

3 MR. DETER: That's correct.

4 COMMISSIONER GANDARA: I guess what I'm saying is
5 -- I'm not saying, you know, not look the gift horse in
6 the mouth, but I'm saying that our strongest arguments
7 ought to be made for those that we need to sell, and if
8 they're willing to sell those for us, then fine. But to
9 proceed with that, I'm not saying rejecting them, or I'm
10 not including them, but what I'm saying is that as our
11 own priorities, that you know, these other areas that we
12 know are terribly pressed, perhaps ought to be given our
13 attention.

14 COMMISSIONER COMMONS: Do we have to hire for
15 the 16?

16 MR. DETER: Yes.

17 COMMISSIONER COMMONS: How many?

18 MR. DETER: We've got 51 bodies, I believe,
19 in the division at the present time, and this would take
20 us up another nine people plus clerical, so we'd have to
21 hire in the division, just for the power plant siting
22 program, about 9 or 10 people, and that's the problem with
23 the load following.

24 COMMISSIONER COMMONS: Well, maybe there's an
25 in-between position there, where there's roughly seven

1 people, that if we don't have some addition, we have a
2 problem with seven people who are sitting in the division
3 right now.

4 MR. DETER: I don't follow.

5 COMMISSIONER COMMONS: If you say 16, and you'd
6 have to hire 9 --

7 MR. DETER: That's just in my division, part of
8 the 16 is not in the division.

9 CHAIRMAN IMBRECHT: Let me go this way, I would
10 be much more comfortable simply adding on those critical
11 BCP's onto the list and let it go with --

12 COMMISSIONER SCHWEICKART: Could I make a
13 motion, Mr. Chairman, just to get it going here, and then
14 partly responding to Commissioner Gandara's response. I
15 would move that we adopt everything presented to us today
16 on all four pages, but for the 5 PY's in the natural gas
17 forecasting. I will be glad to respond to Commissioner
18 Gandara's request for buildings if there's a second to that.

19 COMMISSIONER GANDARA: I would say I would have
20 no problems with that either. It seems to me that what
21 we have here is that minus those 5, we basically have a
22 411 budget. It's no coincidence, I think, that after
23 that exhaustive process we went through last year, we
24 wound up with a 409 budget out of the Legislature.

25 I don't think we should be too embarrassed at

1 asking for I think kind of a bare bones, which it seems to
2 be what that might be.

3 CHAIRMAN IMBRECHT: Okay, I'm --

4 COMMISSIONER SCHWEICKART: Is that a second?

5 COMMISSIONER GANDARA: Yes.

6 CHAIRMAN IMBRECHT: Okay, the motion is before
7 us, and --

8 COMMISSIONER SCHWEICKART: And I would like to
9 comment on it.

10 CHAIRMAN IMBRECHT: Okay. I've got a time
11 consideration. I've got to be across the street at 5:30
12 to discuss this very thing. I will just say that, you know,
13 if the Commission wants to go forward and submit all those
14 BCP's, that's fine, I understand that, and I very much
15 respect your decision on that context. I don't think that
16 it's likely that they're all going to be approved, and I
17 would just suggest that in the event we want to go forward
18 with that many for submission purposes, that we might at
19 the same time want to further consider some type of private
20 prioritization in the event it comes down to a question of
21 being told you can have X, you tell us which ones you
22 really want.

23 COMMISSIONER SCHWEICKART: Well, I think that
24 always is a possibility.

25 CHAIRMAN IMBRECHT: And that, I think, is likely

1 what's going to occur. So --

2 COMMISSIONER SCHWEICKART: Let me simply say by
3 way of a --

4 CHAIRMAN IMBRECHT: And I suspect that will
5 ultimately be somewhat rational and somewhat arbitrary as
6 judgments on these kinds of matters frequently are.

7 COMMISSIONER SCHWEICKART: And by way of
8 responding to Commissioner Gandara's question on my motion,
9 the nonresidential rulings and the existing standards item,
10 especially in the nonresidential buildings item, we are
11 there dealing, in my view, with a commitment which was
12 made at the time we adopted the nonresidential office
13 building standards.

14 Without this supplement, we will not be able, in
15 fact, to meet the requirements for the additional two
16 occupancy types, which are necessary for the mixed building
17 -- well, for the deadline on 1 January 87 for office
18 buildings. That was a commitment the Commission made in
19 the process of adoption.

20 The existing standards, we are in fact without
21 belaboring it, I have a detailed list of all of the various
22 responsibilities within the division, two-thirds of which
23 have zero PY's associated with them, that is, we've
24 literally had less than a third -- well, about a third of
25 the obligations of the division which are called for in

COTTON CONTENT

1 responding to builder requests and outside submitters of,
2 for example, alternative compliance methods, and computer
3 programs, and that sort of thing, to which we have zero
4 staff assigned. So I see --

5 COMMISSIONER GANDARA: Perhaps to -- you know,
6 my question was not so much questioning what the -- what
7 was proposed, it was rather because I knew you had some
8 concerns in this area, and that your adviser is not
9 present, I thought that -- I wondered whether that was
10 accurate.

11 COMMISSIONER SCHWEICKART: Enough said. I think
12 it's -- I don't see that we have a responsible alternative
13 packet, and I would only emphasize for your help, Mr.
14 Chairman, that what we're talking about here takes the
15 program back to less than half of what we had two years
16 ago, acting in what I think at that point was a fairly
17 responsible matter.

18 CHAIRMAN IMBRECHT: I understand. Well, just, you
19 know, recognize that I have not gone south on you on any
20 of these arguments publicly or privately, and I am with
21 you, et cetera, and I'm also just trying to be as forth-
22 coming as I can be in giving you my best judgment of what
23 the situation is.

24 Okay, I think we're ready to go to a vote. Is
25 there objection to a unanimous roll call on Commissioner

1 Schweickart's -- okay, I would like to be recorded as an
2 abstention.

3 COMMISSIONER COMMONS: Well, one second, if
4 you're going to abstain, then I'm going to abstain. I
5 would abstain too, then, that would be the problem. I'm
6 really not happy with as large a number as it is.

7 CHAIRMAN IMBRECHT: Okay. Well, I'm really not
8 either, but for the purposes of --

9 COMMISSIONER COMMONS: If it's unanimity, I'll
10 be willing to be unanimity, but I had a list before he
11 made the motion as to what I wanted to support, and it's
12 about half.

13 CHAIRMAN IMBRECHT: All right. I will cast an
14 aye vote.

15 COMMISSIONER COMMONS: And then I'll cast an
16 aye vote, making it unanimous.

17 CHAIRMAN IMBRECHT: All right, fine. Without
18 objection, it will be a unanimous roll call.

19 (Business meeting under separate cover.)

20 COMMISSIONER GANDARA: Let's proceed with the
21 quarterly review section of the Executive Director's Report.
22 Mr. Ward?

23 EXECUTIVE DIRECTOR WARD: We can continue --

24 COMMISSIONER GANDARA: I have a request here from
25 Commissioner Commons for a presentation by --

1 COMMISSIONER COMMONS: The Southern California
2 Energy Coalition, and by PGandE on a \$20,000 proposed
3 contract.

4 COMMISSIONER GANDARA: If you would indulge me,
5 Mr. Ward, if we could take care of that first, then --

6 EXECUTIVE DIRECTOR WARD: That would be fine.

7 COMMISSIONER GANDARA: Okay. I have no cards
8 here about who wishes to speak, so I -- Commissioner
9 Commons?

10 COMMISSIONER COMMONS: Do you want to start, John?

11 MR. FLORY: Sure. I'm John Flory, for the
12 record with Utility-Customer Interface, and the role which
13 I claim here today is as the program manager of a project
14 with at least and hopefully four participants.

15 The Southern California Energy Coalition, a group
16 of large energy users in Southern California is putting
17 together a project with the Pacific Gas and Electric
18 Company, and the Department of Energy, and hopefully the
19 California Energy Commission to do some joint load manage-
20 ment planning.

21 The thing that is unique about this project is that
22 historically, load management projects have been developed
23 either by the utility, or by the Commission, and then
24 quote/unquote, sold to the customers. In this particular
25 project, we want to try to have the customer group -- the

1 customers involved along with the utility and the
2 regulatory body in doing the planning of load management
3 projects.

4 We have support from PGandE and the Department of
5 Energy. There is a representative from PGandE here to
6 testify to that, and we would like the Commission to
7 participate -- to balance out the body of participants.

8 The Commission's participation, can ensure that
9 what is done here is applicable statewide, and also, we
10 think that it gives the Commission an opportunity to expand
11 its load management programs in a way that's consistent
12 with the desires of the current administration to have a
13 sort of a partnership between business and government, and
14 proceeding ahead with energy policy.

15 I might say that PGandE -- one of PGandE's
16 initial interests in at least my understanding, which is
17 been this program, is because they saw that by having the
18 customers involved in the planning process, there was a
19 higher yield in energy savings and load management benefits
20 than in some comparable program that they had with large
21 industrial customers in the PGandE service territory.

22 With the Commission's participation, such a
23 program can be expanded, or the lessons learned can be
24 expanded statewide, cannot just be limited to the PGandE.

25 COMMISSIONER GANDARA: Thank you. Do we have

1 the representative of PGandE here? Welcome Mr. Willoughby.

2 MR. WILLOUGHBY: Mr. Chairman and members,
3 Tom Willoughby, representing PGandE. I will confirm with
4 the previous witness' testimony. PGandE does support the
5 proposed load management study. It is my understanding
6 after discussing the issue with Commissioner Commons, that
7 the precise issue before the Commission today is that of
8 reserving the \$20,000 so that it will be available for
9 expenditure, after the precise scope and details of this
10 project have been worked out among the participants, and
11 that actual expenditure of the money would require another
12 action -- affirmative action on behalf of this Commission.

13 PGandE is optimistic about the project, and
14 certainly supports an action today to reserve the money
15 for the project pending the more precise definition of
16 its scope.

17 COMMISSIONER GANDARA: Thank you very much,
18 Mr. Willoughby. Commissioner Commons do you wish to put
19 forth a specific proposal at this time, or shall we go
20 through the quarterly review, and then at an appropriate
21 time shall we do that?

22 COMMISSIONER COMMONS: All right. The only
23 problem I would have is if for some reason we don't
24 designate this year's contract funds for it, I consider
25 this a major project in terms of impact, number of megawatts

1 of commercial load management in the state, and if we
2 weren't to designate it in terms of this year's contract,
3 I'd want to put it in as a \$20,000 BCP to be included in
4 the package. There's no PY associated with this effort.
5 The total project cost is \$100,000, we would be picking up
6 20 percent.

7 COMMISSIONER GANDARA: And each of the other
8 participants would be putting in \$20,000?

9 MR. FLORY: Excuse me, I'd like -- the total
10 project cost is \$400,000 of which the Department of
11 Energy is putting up \$120,000, and the Southern California
12 Energy Coalition is putting in \$120,000. PGandE is putting
13 up \$80,000, and the Energy Commission at least originally
14 was requested to put up \$80,000.

15 COMMISSIONER COMMONS: Oh, it's \$80,000, okay.
16 At this time, though, we're only talking about a particular
17 phase of that contract.

18 MR. FLORY: Okay, and that money, and I appreciate
19 Mr. Willoughby clarifying. That money is not to be
20 committed until Phase III, and there's two phases that we
21 must get through first, and all parties agreed that the
22 project is proceeding ahead as it should be, and then that
23 money will be committed to buy the Commission, and the
24 Department of Energy, and PGandE, and the Coalition.

25 COMMISSIONER COMMONS: But what is the requirement

1 of the fiscal year beginning July 1 through June 30th of
2 the Energy Commission?

3 COMMISSIONER SCHWEICKART: May I suggest that
4 we can save some time, because I don't believe that the
5 specifics that we're beginning to get into are particularly
6 relevant. I think the issue here, if Commissioner
7 Commons, you would like to see \$20,000 essentially set
8 aside within the Conservation Division current plans, I
9 think the only issue there is where does the \$20,000 come
10 from, is there any real concern in terms of going ahead
11 with that as a planning base.

12 I think some of the questions that are being
13 dealt with now are much more appropriate at the time the
14 contract comes before us for actual approval.

15 COMMISSIONER GANDARA: I would agree with that.
16 I think that the opportunity given to at least set forth
17 the basic proposal I think is understood now. If we
18 could proceed with the Executive Director's quarterly
19 review, and if I could thank the gentlemen from PGandE
20 and from the Coalition for having brought this before us.

21 I do think that if we get to the quarterly
22 review, we can see the trade-offs, and I think having been
23 apprised of the proposal here, Mr. Ward can respond as to
24 whether there can be some adjustment that is possible or
25 not within the quarterly review, or whatever. But I would

1 hate to hang up the quarterly review at this point in time
2 with I think further details that can be flushed out in the
3 proposal. I think what we're talking about is can \$20,000
4 be found now.

5 COMMISSIONER COMMONS: Okay. I guess my only
6 statement would be is there -- if we weren't to find it
7 today, then what I'd want to do is at least approve a
8 BCP so that we would have something in the hopper for
9 next year.

10 COMMISSIONER GANDARA: Okay. Before we address
11 that question, we should get to the quarterly review,
12 because I would very strongly note that we will not have
13 a quorum by 6:00 o'clock, we better get to the quarterly
14 review.

15 MR. FLORY: Thank you, Commissioners, for your
16 time.

17 COMMISSIONER GANDARA: Thank you very much.

18 EXECUTIVE DIRECTOR WARD: Just a quick general
19 response, my sense is that there appears to be some
20 thoughtfulness behind their proposal. The general issue
21 is one of our proceeding on a deficiency estimate that is
22 currently in legislation that we estimated back in late
23 November or early December, and so it is going to be an
24 artful accounting process for the next few months to make
25 sure that we are able to live within our means.

1 We're getting a better sense of that, you know,
2 as each month goes by, but it has -- there are a lot of
3 extenuating circumstances that affect our expenditures and
4 certainly, an expedited hiring process in some of the
5 critical areas may affect that also.

6 But we can certainly probably give a fair
7 judgment on that sometime within the next 30 days.

8 COMMISSIONER GANDARA: Let me also clarify
9 another point since Commissioner Commons said in the
10 alternative that it could be provided through a BCP. The
11 BCP won't be through the next fiscal year, so what we're
12 looking at is somehow, through any contract deferrals, or
13 cancellations, or whatever, that to free up \$20,000, not
14 over the next quarter, or even the last half of this
15 fiscal year, but also including over the next fiscal
16 year, I presume, that's really -- we have quite a bit of
17 time to work on that, and it seems to me that there's a
18 willingness expressed here to consider the proposal and
19 the project, and to accommodate the request if at all
20 possible.

21 EXECUTIVE DIRECTOR WARD: Certainly, I would
22 underline that.

23 COMMISSIONER GANDARA: If we can proceed with the
24 quarterly review.

25 EXECUTIVE DIRECTOR WARD: I'm going to allow Kent

1 Smith -- I believe all of you have packages on the quarterly
2 review. Division chiefs are available to comment on some
3 of the areas of specific concern, and Kent Smith will walk
4 you through the package and try to organize the structure
5 for you.

6 DEPUTY DIRECTOR SMITH: There are two memos that
7 you should have, one is February 21st memo signed by Roger
8 Ganse to Commissioners, which basically introduces what
9 we're going to accomplish this afternoon, and the other
10 one is identification of the issues that we've gone over
11 with the Budget Committee, that's a February 3rd memo.

12 COMMISSIONER COMMONS: Is this the first time
13 this has been passed out?

14 DEPUTY DIRECTOR SMITH: No, no, these have been
15 distributed some time ago. They're just additional copies
16 in case you didn't have them with you.

17 Basically two parts to what we wanted to cover
18 in quarterly review, and one is a review of our fiscal
19 status. Rick Donaldson will do that in just a moment. The
20 second part is a review of the issues that we've gone
21 through with the Budget Committee. There are some of those
22 where we'll be looking for Commission concurrence, those
23 are primarily in Conservation and in Development Division.

24 Is there a question?

25 COMMISSIONER GANDARA: Well, we have apparently a

1 problem here that it may not be useful for us to proceed
2 at this point in time, given that we are to a bear quorum.
3 There -- I presume that what you would like to walk away
4 from here is an approval of the work plan proposals, and
5 we do not have three votes for that. So --

6 COMMISSIONER COMMONS: I'm not going to vote for
7 these items on the Conservation or Development Division.
8 No one in either of the Committees that I'm involved with,
9 which are affected by most of these items, has ever
10 approached me or discussed it.

11 COMMISSIONER GANDARA: So given the situation
12 here, I think it probably would be best if we just deferred
13 this item until the next business meeting. Mr. Ward, if
14 you could come -- approach the bench.

15 EXECUTIVE DIRECTOR WARD: Excuse me, could I
16 hear, Commissioner Commons, your comment one more time?

17 COMMISSIONER GANDARA: Mr. Ward, can we go off
18 the record, can you come up here?

19 COMMISSIONER SCHWEICKART: Let me also say that
20 I'm not prepared to move ahead either. This is -- and I
21 recognize that I have no advisers at the moment, but I have
22 not seen these materials prior to this moment, so I'm not
23 really prepared, if we have any issues at all of controversy,
24 to move ahead either.

25 COMMISSIONER COMMONS: I really prefer it to be a

1 five person Commission too.

2 EXECUTIVE DIRECTOR WARD: I defer to --

3 COMMISSIONER GANDARA: On the point of view
4 of presiding, there's no sense in continuing with this
5 item. I think we shall defer it, postpone it until the
6 next business meeting.

7 (Thereupon the hearing before the California
8 Energy Resources Conservation and Development Commission
9 was adjourned at 5:45 p.m.)

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REPORTER'S CERTIFICATE

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3 THIS IS TO CERTIFY that I, Patricia A. Petrilla,
4 Reporter, have duly reported the foregoing proceedings which
5 were had and taken in Sacramento, California, on Wednesday,
6 February 22, 1984, and that the foregoing pages constitute a
7 true, complete and accurate transcription of the
8 aforementioned proceedings.

9 I further certify that I am not of counsel or
10 attorney for any of the parties to said hearing, nor in
11 any way interested in the outcome of said hearing.

12
13 Patricia A. Petrilla

14 Reporter

15 Dated this 27th day of February, 1984.
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