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STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION

MAR 9 1984

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BUSINESS MEETING  
EXECUTIVE DIRECTOR'S REPORT ON  
FY 1983/84 2nd QUARTERLY WORK PLAN REVIEW

1516 NINTH STREET  
1st FLOOR HEARING ROOM  
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 7, 1984

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COMMISSIONERS PRESENT

Charles R. Imbrecht, Chairman

Russell L. Schweickart, Commissioner

Geoffrey D. Commons, Commissioner

Barbara Crowley, Commissioner

STAFF PRESENT

Randall M. Ward, Executive Director

William Chamberlain, General Counsel

Kent Smith, Deputy Director

Ted Rauh

Ron Kukulka

Rick Donaldson

Lorri Gervais, Secretary

PUBLIC ADVISOR'S OFFICE

Gary Heath

I N D E X

1		
2	Proceedings	Page 613
3	Opening Remarks by Executive Director Ward	613
4	Overview by Deputy Director Smith	613
5	Questions and Concerns of Commissioner Commons	615
6	Questions and Concerns of Commissioner Schweickart	617
7	Work Plans Adopted	633
8	Question on BCP's by Commissioner Commons	633
9	Adjournment	636
10	Reporter's Certificate	637
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: So now we'll turn to the  
4 Executive Director's Report, and consideration of the  
5 Second Quarterly Review.

6 As I indicated prior to the luncheon recess, I  
7 think that the best way to move through this expeditiously,  
8 we'll give it a try in any case, is to ask each Commissioner  
9 serially if he has issues that he wishes to raise relative  
10 to the quarterly review.

11 EXECUTIVE DIRECTOR WARD: Mr. Chairman, prior to --

12 CHAIRMAN IMBRECHT: Unless you want to make any  
13 introductory comments.

14 EXECUTIVE DIRECTOR WARD: Prior to that, I think  
15 Kent Smith can give just a brief overview without going  
16 through each individual item, and some of those, I would  
17 think, might answer some of the questions Commissioners have.

18 DEPUTY DIRECTOR SMITH: There were three items  
19 I wanted to mention. One was a proposal by Development  
20 Division to add 1 PY to their financial and technological  
21 development office has been withdrawn, and that was based  
22 on discussions with Budget Committee members following the  
23 last Committee meeting. That was included as a proposal  
24 in the February 21st material that had been distributed.  
25 So that's one change.

1           The second change is a proposal that was discussed  
2 at the last business meeting, or there was a presentation  
3 at the last business meeting on it, and that's a \$20,000  
4 proposed contract amount with regard to third party  
5 financing for load management.

6           There is not -- staff has not yet developed a  
7 proposal, they need to be working with utilities. But as  
8 I understand Commissioner Commons' request, it's that the  
9 \$20,000 not be allocated for any other purpose until we've  
10 had an opportunity to develop the staff proposal, and then  
11 we propose to present that to the Budget Committee.

12           We would expect that -- be having that Budget  
13 Committee meeting in the next two to three weeks, as we're  
14 coming up on the third quarter review.

15           Last is simply a typo change, and that is under  
16 Siting and Environmental, the contract sheet showed \$18,500  
17 for expert witnesses as being expended. In fact, that has  
18 not been expended yet. That money still remains.

19           COMMISSIONER SCHWEICKART: You're saying that  
20 should be zero?

21           CHAIRMAN IMBRECHT: It should be zero, yes, I  
22 believe so.

23           DEPUTY DIRECTOR SMITH: Yes.

24           CHAIRMAN IMBRECHT: Okay. Commissioner Commons,  
25 do you have any items you would like the staff to address?

1           COMMISSIONER COMMONS: Well, at what point is it  
2 appropriate to discuss the contract items that I'd asked  
3 at the previous business meeting, and we didn't get the  
4 information.

5           CHAIRMAN IMBRECHT: That would be after this.  
6 That is relevant to our BCP's separate and apart from this.

7           COMMISSIONER COMMONS: That would be -- on that,  
8 all right. Is there a summary sheet in terms of redirection  
9 of PY?

10          DEPUTY DIRECTOR SMITH: I believe Roger Ganse's  
11 memo of February 21st was the summary of what came out of  
12 the Budget Committee, and as I mentioned, the one change  
13 to that memo was the withdrawal of the proposal to add a PY  
14 to finance, technology, development.

15          COMMISSIONER COMMONS: I had understood from  
16 Mr. Rauh that there was a change, is that change --

17          DEPUTY DIRECTOR SMITH: Excuse me, that was -- that  
18 additional change was contained in a March 2nd memo from  
19 Ted through Executive Office to Commissioners. That simply  
20 clarified fund sources for the contracts that we'd gone  
21 over with the Budget Committee.

22          COMMISSIONER COMMONS: Well, it's all of a tenth  
23 of a PY. I don't know where that occurred, or shows.

24          DEPUTY DIRECTOR SMITH: Yeah, okay.

25          COMMISSIONER COMMONS: Because we're going to

1 bring to the Commission an OIR request on load management,  
2 and I don't want to be out of sync with the work plans, and  
3 it's roughly a tenth of a PY and I was told that it had been  
4 incorporated, and I couldn't find it.

5 DEPUTY DIRECTOR SMITH: Ted?

6 MR. RAUH: It has been incorporated, I thought  
7 that as a result of the action at the last business meeting,  
8 and our discussions at Committee meetings, we had made that  
9 change to our work plan, and if the Commission desires  
10 something more formal than that, we can write it right here.  
11 I mean, it's been done, so there's not an issue is my  
12 understanding.

13 COMMISSIONER COMMONS: Fine.

14 CHAIRMAN IMBRECHT: Any further questions?

15 COMMISSIONER COMMONS: In the Development Division,  
16 are there any redistributions after you've eliminated that  
17 one that still are outstanding?

18 DEPUTY DIRECTOR SMITH: Yeah, we're -- as we had  
19 proposed -- discussed with the Budget Committee, there is a  
20 .5 PY shift in Development Division to augment the small  
21 hydro work.

22 COMMISSIONER COMMONS: Well, my concern there is  
23 are we going to be able to finish the technology assessment  
24 work. One of the major problems that we had had earlier  
25 was that we didn't have sufficient PY in that division

1 because of the heavy burden on the contracts, and we weren't  
2 going to be able to meet our statutory requirements. I  
3 understand that the GPA office is still running about 40  
4 or 50 percent under in terms of capacity, and I just would  
5 want verification from Mr. Kukulka that we will be able to  
6 meet the agreement that has been signed between the  
7 Development Division and the Assessment Division on this,  
8 if we make this redirection.

9 MR. KUKULKA: The answer is yes.

10 COMMISSIONER COMMONS: Thank you. That's all I  
11 have.

12 CHAIRMAN IMBRECHT: Commissioner Schweickart?  
13 That was not bad, I must say, that's a good case model for  
14 a lot of people testifying before today.

15 (Laughter)

16 CHAIRMAN IMBRECHT: You will certainly endear  
17 yourself to the Chair. Commissioner Schweickart.

18 COMMISSIONER SCHWEICKART: Most of the time it  
19 doesn't work, though, I'd point out, Mr. Chairman.

20 CHAIRMAN IMBRECHT: Well, I know, it's just --  
21 the rest of us just ask more questions though.

22 COMMISSIONER SCHWEICKART: I guess what I would  
23 like here, and I don't know whether it has been provided  
24 somewhere and I haven't discovered it, or what. But what  
25 I'm looking at in terms of all the divisions end up being

1 zero except for Conservation who underspent \$91,000  
2 apparently.

3 DEPUTY DIRECTOR SMITH: Well, also, Siting and  
4 Environmental has that \$18,500 balance.

5 COMMISSIONER SCHWEICKART: All right. Well, it  
6 may as well apply there. But what I basically see is 91.3 K  
7 essentially underspent in terms of the quarterly work plan,  
8 the intentions. I see at the bottom of the page there,  
9 proposed additional contracts which total, including  
10 Commissioner Commons' load management thing, 73.5 K.

11 I'm certainly seldom opposed to rethinking things  
12 when one undergoes change, but I guess I'd like to under-  
13 stand why in the areas in which the division has underspent,  
14 what the reasons for underspending were, and why, rather  
15 than accelerating the spending in the current quarter -- I  
16 must admit to some confusion to that, what quarter we're  
17 talking about.

18 DEPUTY DIRECTOR SMITH: Well placed, yeah, this  
19 is the second --

20 COMMISSIONER SCHWEICKART: Yeah, are we not already  
21 in the third quarter about to enter the fourth quarter?

22 DEPUTY DIRECTOR SMITH: Yeah. This is the second  
23 quarter review, I'm afraid, which covers the period from  
24 October through December, and we have suffered a little  
25 bit from the lapse of time. We're about to begin third

1 quarter review, and hopefully it will be in a few weeks.

2 COMMISSIONER SCHWEICKART: All right. Nevertheless,  
3 as a general matter, what I'm looking here for is when we  
4 underspend in what we plan to do, and you're proposing to  
5 move that money out of the Commission in new directions, I  
6 want to understand what went into the undercommitment of  
7 the money, and why, rather than simply accelerating the  
8 commitment in the next quarter in that area, to catch up  
9 to the original plan, we decided to shift over to unplanned  
10 expenditures.

11 Now, there may be good reasons. I'm not getting  
12 into the reasons at all, or the validity, or my support  
13 for them, but what I don't see is the whys and wherefores,  
14 I simply see the tallying.

15 MR. RAUH: Well, the underexpended amounts in  
16 the Conservation Division come from three -- actually two  
17 significant sources. One from small amounts of individual  
18 contracts ranging from a few thousand dollars to a \$23,000,  
19 or around -- excuse me, yeah, \$23,000 in terms of  
20 unencumbered amounts that we originally budgeted. Let  
21 me give you a case in point.

22 The appliance testing contracts that the  
23 Commission approved earlier this year. We had given a  
24 budget item and carried it through the first quarter as a  
25 \$100,000 item. When we negotiated the actual amount with

1 the contractor, we were able to achieve all of our  
2 objectives for \$77,000. That left \$23,000 of the original  
3 contracted amount that was now available for other activity.  
4 We have a series of those for all of our contracts where  
5 instead of negotiating to the total amount, we got what we  
6 wanted for less.

7 The second area --

8 COMMISSIONER SCHWEICKART: Unless one interprets  
9 that what the Commission wanted was \$100,000 worth of  
10 appliance testing.

11 MR. RAUH: Well, the Commission --

12 COMMISSIONER SCHWEICKART: Because at the time  
13 that we approved that work plan, we put in -- I mean, the  
14 only way that we can literally shape it is to say we feel,  
15 given our overall budget, this many bucks ought to be  
16 spent in appliance testing, and in some sense, Ted -- I'm  
17 not being critical, but in some sense, what you're telling  
18 me is that the staff got out of it what they wanted for  
19 less than \$100,000. So, I mean --

20 MR. RAUH: Well, I'd like to say that the  
21 Commission has been a good steward of the funds.

22 CHAIRMAN IMBRECHT: That's what I say, I'd like  
23 to applaud that, actually, that strikes me that he's  
24 driving a tougher bargain than the rest of the divisions.

25 COMMISSIONER SCHWEICKART: Well, the staff could

1 have gotten what they wanted out of it for \$10,000. I'm  
2 not sure that that would meet the intention that the  
3 Commission had in assigning \$100,000 to be allocated to  
4 appliance testing.

5 CHAIRMAN IMBRECHT: But when we made those  
6 assignments, wasn't it on the basis of, these are the tasks  
7 that we believe need to be accomplished, and the staff,  
8 in effect --

9 COMMISSIONER SCHWEICKART: Not really.

10 CHAIRMAN IMBRECHT: -- said, we believe it will  
11 cost X dollars to accomplish those tasks. In effect, what  
12 has occurred is that they overestimate -- you can take  
13 it from either of two directions.

14 MR. RAUH: That's right.

15 CHAIRMAN IMBRECHT: Either the staff overestimated  
16 what the price tag was for those tasks, or the staff  
17 negotiated a hard bargain when they went back to --

18 MR. RAUH: We like the latter.

19 COMMISSIONER SCHWEICKART: In some cases, Mr.  
20 Chairman, that's clearly the case, that is, where there  
21 is a specific task laid out, and some estimate, maybe that  
22 is the case. But I would remind you in this case, as I  
23 recall it, we shifted a certain amount of money in, because  
24 the Commission wanted to see, in its judgment, more  
25 appliance testing, because we were seeing violations of the

1 appliance standards in certain areas, and we wanted to  
2 see enforcement augmented, in order to provide that signal.

3 CHAIRMAN IMBRECHT: I recall that.

4 COMMISSIONER SCHWEICKART: There was no contract,  
5 or 18 water heaters, and so many this's and so many that's,  
6 it was basically, we felt that the magnitude of the program  
7 ought to be boosted to a certain level.

8 So while what you're saying is certainly the case  
9 in some instances, there are others where I think the  
10 Commission has basically said, we want to see this much  
11 money spent efficiently in doing this job. Now, again, I,  
12 at this point, would like to hear further from the staff  
13 in terms of why -- what they feel they've already gotten  
14 out of the \$77,000, is in fact enough, let me say, in  
15 comparison with other items which might call on that money,  
16 and I'm happy to hear that, but I guess it's still not  
17 entirely clear that the job which the Commission initially  
18 expected to be done has been satisfactorily accomplished.

19 MR. RAUH: Well, in the case of the appliance  
20 area, we had two objectives -- we had objectives for  
21 testing this year, which in our negotiations, we felt we  
22 developed a statistically valid contract which both tested  
23 a statistically valid number of appliances of all manu-  
24 facturers throughout the state with a -- or by a nationally  
25 accredited laboratory to be able to make our findings, and

1 the price came in for both contracts below our original  
2 estimates. That freed up this money.

3 In other cases like that, and these amounts are  
4 summarized in your handout, the pages aren't numbered, but  
5 it's about two-thirds of the way in, the other amounts are  
6 far less, they're in the neighborhood of one, or two, or  
7 \$3,000 each, and those just have to do with the fact that  
8 the division had a series of smaller contracts this year.

9 COMMISSIONER SCHWEICKART: Well, we have one in  
10 CALBO training in the area of non-utility participation in  
11 RCS which is 40 K, at least in the material that I'm looking  
12 at. I would assume that that's not a collection of small  
13 contracts, but that's a --

14 MR. RAUH: No, no. The amount that I'm talking  
15 about are the differences between originally allocated  
16 funds. For example, RCS means for prices, now that's for  
17 support of the RCS Program, and provides us with the  
18 independently validated prices for each RCS measure used  
19 by the utilities.

20 We have estimated \$5,000 this year for that  
21 contract. RCS means delivered the contract for about  
22 \$3,200 and we got the same quality results. I'm suggesting  
23 that through the series of contracts we let this year, we  
24 ended up with small pieces of money like that. That's one  
25 source of the \$92,000.

1           The other source is a couple of areas where we did  
2 not let contracts we originally anticipated. We had held  
3 back money to have an RCS advisory committee. We have never  
4 let those contracts. That's another source of the  
5 unencumbered funds. So the \$92 or \$93,000 that we began  
6 with when we developed this memorandum of March 2nd, were,  
7 in effect, results of these contracts that are detailed in  
8 the memo that's attached, which will give you an indication  
9 of both where their sources were, and they respond to the  
10 Commission order.

11           In effect, it's a reprioritization of division  
12 activities in response to the nonresidential building  
13 standards adoption order, and in response to providing  
14 additional support to CALBO and the Hotline.

15           The final one, which is PGandE/SCE third party  
16 load management contract concept proposal was a recommenda-  
17 tion which the staff has set aside money from, as a result  
18 of the last meeting on the quarterly review. Those \$20,000  
19 came from this excess not encumbered in the appliance  
20 program area, also under Commissioner Commons presiding  
21 review, and will not be spent in either case, until an  
22 acceptable work statement is developed.

23           The remaining money is currently held by the  
24 Executive Office subject to either a determination by  
25 policy committees in the Commission that we should spend

1 the money in Conservation, or perhaps to be used in case  
2 we run into operating or other expense items that are  
3 problematic to us as we go through this difficult fiscal  
4 year.

5 In my estimation, or my recommendation to you,  
6 to the Commission and to each policy committee, I believe  
7 we are meeting all of the priority policy objectives that  
8 can be met through contracts. We could expend some of this  
9 money by pressing some of those contracts to larger amounts,  
10 but at this point, the negotiations we've had, both with  
11 CALBO and others in terms of developing these contract  
12 proposals, the amounts are adequate to both provide our  
13 needs with a quality product.

14 So I'm not proposing more funds subject to  
15 direction from the Commission, and also with the expectation  
16 that we may have a higher priority to cover our fiscal  
17 liabilities this year. That's basically why the amounts  
18 are shown. But I mean this process has been designed so  
19 that this fact could be brought to your attention, and  
20 further direction, if appropriate, given.

21 As it stands right now, the building contract  
22 item, in other words, the contract dollars associated with  
23 buildings program element has not been touched. I mean,  
24 there have been movements around within that, consumate  
25 with your direction, but we have not moved money out of the

1 buildings element, for example.

2 The only change between elements that's contemplated  
3 in this March 2nd memorandum would be an allocation of these  
4 funds out of the appliance program into, in effect, the  
5 buildings element, but only because that's where the  
6 contract item that we may let in spring or summer would be  
7 housed, and that is the \$20,000 for load management.

8 CHAIRMAN IMBRECHT: Basically, aren't you also  
9 proposing some augmentations of some of the anticipated  
10 expenditures in the building area, increase in CALBO  
11 training for example.

12 MR. RAUH: That's correct.

13 CHAIRMAN IMBRECHT: Which is, I think, generally--

14 MR. RAUH: And the PADD V too, that's another  
15 proposal.

16 CHAIRMAN IMBRECHT: Generally reflective of  
17 Commission concensus on building standards implementation,  
18 concerns we've all shared.

19 MR. RAUH: That's correct. I should have just  
20 said yes, perhaps. That seemed to be far more effective  
21 earlier.

22 CHAIRMAN IMBRECHT: Further questions?

23 COMMISSIONER SCHWEICKART: Mr. Chairman, I don't  
24 want to press things, but frankly, I don't think I've  
25 gotten the answer to my question, Ted. Were we looking at

1 different things? I'm looking at a February 14th, 1984  
2 document, I'm looking under conservation programs, under  
3 contracts, I'm looking at Item 9, it says, CALBO training  
4 in non-utility participation in RCS. Why did we spend 40 K  
5 instead of 80 K? I don't know how I can put it plainer.  
6 It's not a collection of little contracts.

7           It may be a great answer, and yes, you may even  
8 do it, I don't know. But it isn't a whole bunch of little  
9 contracts that you saved some money on.

10           MR. RAUH: Oh. Well, originally, line item 9  
11 was non-utility participation in RCS, \$80,000. That was an  
12 intent last year when the budget was done to provide  
13 \$80,000 to fund non-utility participation, stimulation of  
14 -- damn, I can't think of -- I'll come up with it. Let's  
15 just say it was --

16           COMMISSIONER SCHWEICKART: Third party?

17           MR. RAUH: No, no, the Santa Monica type  
18 demonstration for RCS. This was seed money in which local  
19 governments and others who wanted to develop their own  
20 RCS programs would have some source of funding. It was  
21 under the direction of then Commissioner Edson.

22           As we moved through the budget process, it was  
23 felt that this was not necessary, that there was much more  
24 emphasis by the utilities in terms of contracting with  
25 community-based groups and others to deliver RCS services,

1 and all this shows is that we've never spent any money on  
2 that item, that \$40,000 of it is now going to fund CALBO  
3 training.

4 So this chart is not as misleading in terms of  
5 telling you we're only spending -- we're not spending 40  
6 instead of 80, we're spending 40 out of an item we're not  
7 going to spend any money on, and we're spending it on  
8 CALBO training.

9 COMMISSIONER SCHWEICKART: I see.

10 COMMISSIONER COMMONS: In other words --

11 COMMISSIONER SCHWEICKART: And there's still  
12 40 leftover.

13 MR. RAUH: That's correct.

14 COMMISSIONER SCHWEICKART: Which then reverts  
15 to the next page in the proposed additional contracts.

16 MR. RAUH: That's correct.

17 COMMISSIONER COMMONS: The Utility Programs  
18 Committee hasn't spent \$80,000, and we're asking 20 back  
19 on load management in allocating or distributing to some  
20 other area, so many thousand dollars.

21 CHAIRMAN IMBRECHT: We've gone over this in some  
22 detail in the Budget Committee.

23 COMMISSIONER SCHWEICKART: Well, could I just  
24 suggest, Mr. Chairman, that it would save a bit here in  
25 terms of routine format as we go forward, not just a list --

1 I think this is, in fact, a good summary of expenditures  
2 that were planned, expenditures to date, and the difference  
3 between them. I think that's a nice summary. But then  
4 there needs to be that other chart that indicates why we  
5 underspent, what the background is, and now -- what we're  
6 proposing in the next quarter is to accelerate along the  
7 same line item, or to shift into something new.

8 DEPUTY DIRECTOR SMITH: We're in the process of  
9 updating this now, within three weeks.

10 CHAIRMAN IMBRECHT: Okay. Let me -- I understand  
11 what you're saying. Let me suggest, I don't think that  
12 that kind of additional chart is necessary for every single  
13 item, but I would suggest that the Executive Office  
14 determine some threshold test. If we've underspent by a  
15 factor of 25 or more percent, versus the budgeted item,  
16 then there should be a further explanation, something of  
17 that nature.

18 COMMISSIONER SCHWEICKART: Some reasonable  
19 threshold.

20 CHAIRMAN IMBRECHT: I mean, I don't want to see  
21 more paperwork on every \$3,000 or \$5,000 difference, but --

22 EXECUTIVE DIRECTOR WARD: That's disincentive, Mr.  
23 Chairman, to a proper storage shift.

24 CHAIRMAN IMBRECHT: I understand it. I have some--  
25 like I say, I generally apply that I --

1 MR. RAUH: I'm never going to mention one again.

2 CHAIRMAN IMBRECHT: Okay.

3 COMMISSIONER COMMONS: That was a yes.

4 CHAIRMAN IMBRECHT: Okay. Further comments,  
5 Commissioner Schweickart?

6 COMMISSIONER SCHWEICKART: No, I have no further  
7 comments.

8 CHAIRMAN IMBRECHT: I know this is probably unfair,  
9 but Commissioner Crowley, do you have --

10 COMMISSIONER CROWLEY: No, sir, I do not.

11 CHAIRMAN IMBRECHT: Okay. Since I have been over  
12 this in some depth in the Budget Committee, and Commissioner  
13 Gandara as well, I don't have any further concerns. I've  
14 expressed them on previous occasions. As a consequence, --

15 COMMISSIONER SCHWEICKART: I guess I should have  
16 said I didn't have any particular line item, but there's  
17 not a tally right now in terms of the uncommitted amounts  
18 in the third column and what is listed as proposed additional  
19 contracts, and I wonder what the --

20 CHAIRMAN IMBRECHT: The proposed additional  
21 contracts are slightly under what's leftover, basically,  
22 73 versus 91, something in that neighborhood.

23 COMMISSIONER SCHWEICKART: Right. And so I guess  
24 my question is, are there -- what is the intention of the  
25 staff in terms of --

1           DEPUTY DIRECTOR SMITH: We're doing a number of  
2 things right now in terms of bringing this up to date. As  
3 I say, this reflects the second quarter, which ended in  
4 December, and so we're a little bit out of date with what  
5 we've got here. We can have that tally to you, what, in  
6 a week?

7           MR. DONALDSON: Yeah, I would propose to have  
8 both the budget deficit figure, the contract figure, we  
9 would propose to have all of the current year figures  
10 available for the Commissioners by the 20th of March.

11           COMMISSIONER SCHWEICKART: I guess the final  
12 question I have is we are here dealing with ancient  
13 history. I mean, we've got a second quarter summary so  
14 that hopefully we would be able to identify where we want  
15 to put the emphasis in the third quarter. In reality, we're  
16 at the end of the third quarter and going into the fourth.

17           DEPUTY DIRECTOR SMITH: Right.

18           COMMISSIONER SCHWEICKART: I would assume that  
19 our intention is to have this kind of presentation toward  
20 the end of the quarter, and at the beginning of --

21           EXECUTIVE DIRECTOR WARD: That was our intention  
22 with the second quarter review.

23           CHAIRMAN IMBRECHT: And this item has been put  
24 over a couple of business meetings because of the very  
25 long agendas that we had, and largely -- let me just put it

1 this way, largely, and I'll take responsibility as the  
2 Presiding Member of that Committee, largely because we did  
3 not identify in our Budget Committee hearings, which  
4 included your advisers, significant issues this time around  
5 as we did on the first quarter.

6           It was my perception coming into today's  
7 discussion that it was unlikely we were going to have  
8 substantial problems, because basically, this quarterly  
9 review was the result of the learning experience that  
10 occurred in the first.

11           For your purposes, Commissioner Crowley, this has  
12 not been done in the past at the Commission, and we're  
13 attempting to have more internal management review by the  
14 Commission generally. The first effort at this was an  
15 extremely laborious process, and I think we all learned,  
16 both staff and Commission, from that experience.

17           This time around, I think we handled a lot more  
18 of it in the Budget Committee as opposed to bringing it  
19 to the full Commission. So, it was because of long agendas,  
20 et cetera, that this has been put over. But you're  
21 absolutely correct, ordinarily that would be the  
22 contemplation.

23           As we get more accustomed to doing this, I think  
24 we'll see ourselves in a position -- plus the computer  
25 reporting system on PY is also becoming substantially better

1 refined, that is my understanding.

2 DEPUTY DIRECTOR SMITH: Yeah, and in addition,  
3 we're routinizing what's now a monthly report, and that  
4 will lead directly into what will be the third quarter  
5 review so that these don't have to be special drills that  
6 we make up new rules for each time.

7 EXECUTIVE DIRECTOR WARD: Additionally, you went  
8 through the March change budget process, the Budget Committee  
9 went through both simultaneously, which took a little bit  
10 more time than it ordinarily would.

11 CHAIRMAN IMBRECHT: That's right. Now, without  
12 objection, we will accept the review as presented.

13 Commissioner Commons had a question about the  
14 BCP's, I believe he wishes to direct to you, Mr. Ward, or  
15 a member of the staff.

16 COMMISSIONER COMMONS: Yes. At the last business  
17 meeting when we were considering whether or not we were  
18 going to make changes for the March change, I asked for a  
19 list of those items which differed from the September  
20 budget that was officially adopted by the Commission to  
21 those that were being presented in terms of recommendations.

22 One statement was that in the area of the  
23 Development Division that the differences in the contracts  
24 were trivia, and in asking further questions, and reviewing  
25 that list, my understanding is there were actually some

1 very substantial contracts that were not brought forward  
2 last week for discussion or identified, and that the BCP's  
3 that we submitted did not include some significant BCP's  
4 that this Commission had adopted last September.

5           What I'd like to do is get clarification as to  
6 which those BCP's were, what the amount -- how that relates  
7 to the amount that has actually been approved, and then  
8 what is going to happen to those, since they were officially  
9 Commission policy.

10           EXECUTIVE DIRECTOR WARD: We can certainly provide  
11 you, Commissioner, with a list of the original BCP's, and  
12 then the difference in the recommendations of this Commission  
13 for March change. I think to the extent that BCP's that  
14 had originally been proposed to the Department of Finance  
15 in our submittal of October 1 were not included ultimately  
16 in March change, I would have to defer to the Budget  
17 Committee as a result of their deliberations.

18           CHAIRMAN IMBRECHT: Well, let me -- you're  
19 probably not going to like the answer on that, if you defer  
20 to the Budget Committee. There was one issue in particular  
21 that Commissioner Commons raised with me, and I'm sorry,  
22 I haven't had a chance to discuss this with you prior to  
23 this point, but I'll just say it.

24           I was under the impression that we were forwarding,  
25 my recollection is, and correct me if I'm wrong on this,

1 that agency last fall had approved the contract for the  
2 methanol overfiring demonstration, and I was under the  
3 impression that that, therefore, under the guidelines that  
4 we established at the last meeting, where in effect we would  
5 go forward with the BCP's that had been approved by agency --

6 EXECUTIVE DIRECTOR WARD: I think that's generally  
7 true. That was my understanding, now the only --

8 CHAIRMAN IMBRECHT: And Commissioner Commons  
9 represents to me that the methanol overfiring BCP was not  
10 resubmitted. So I don't know that you're in a position to  
11 answer that question right now, but he and I share that  
12 concern, and if it was not, aren't we beyond all options to  
13 try to revive that, or does it --

14 COMMISSIONER COMMONS: And my comments or concerns  
15 are about 98 percent restricted to that particular BCP  
16 where our office has spent a lot of time trying to work  
17 with EPRI and with the utilities, and this was an area that  
18 we had had a contract previously authorized to the  
19 Commission, and there's been a lot of expenditure of time  
20 by a lot of people, and it's a very good project.

21 CHAIRMAN IMBRECHT: When Commissioner Commons  
22 raised this issue with me, my first reaction to it was  
23 that it was my perception that it had been submitted on  
24 the grounds that I had indicated, but then he suggested to  
25 me it was not. So why don't you check it out and report to

1 us.

2 EXECUTIVE DIRECTOR WARD: I'm not that familiar  
3 with it. The only suspicion I would have, that there was  
4 some technical problem with the utility, or as we had  
5 originally discussed during our initial budget preparations.

6 CHAIRMAN IMBRECHT: Okay. I will direct you  
7 to provide a brief report to members of the Commission on  
8 that.

9 (Thereupon the hearing of the Energy Resources  
10 Conservation and Development Commission was adjourned at  
11 3:53 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 March 7, 1984, and that the foregoing pages constitute a  
7 true, complete and accurate transcription of the afore-  
8 mentioned proceedings.

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

12  
13 Patricia A. Petrilla

14 Reporter

15 Dated this 9th day of March, 1984.  
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