CALIF. ENERGY COMMISSION
APR 13 1984
'RECEIVED IN DOCKETS'

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

BUSINESS MEETING

1516 NINTH STREET

1st FLOOR HEARING ROOM

SACRAMENTO, CALIFORNIA

WEDNESDAY, APRIL 4, 1984

10:10 A.M.

Reported by: Patricia A. Petrilla

Video/Audio Recording Services, Inc.
2100 - 28th Street
Sacramento, California 95818
(916) 452-2653

1 COMMISSIONERS PRESENT

2 Charles R. Imbrecht, Chairman

3 Arturo Gandara, Vice Chairman

4 Russell L. Schweickart, Commissioner

5 Geoffrey D. Commons, Commissioner

6 Barbara Crowley, Commissioner

7 EX OFFICIO

8 Bill Foley

9 STAFF PRESENT

10 Randall M. Ward, Executive Director

11 William Chamberlain, General Counsel

12 R. Michael Martin

13 Leon Vann

14 Carol Chesbrough

15 Bill Pennington

16 Jim Miwa

17 Karen Griffin

18 Manual Alvarez

19 Wendell Bakken

20 Steve Cohn

21 Luree Stetson

22 Lorri Gervais, Secretary

23 PUBLIC ADVISOR'S OFFICE

24 Gary Heath

25

ALSO PRESENT

Mike Jackson, Acurex Corporation

Ward Connerly, Connerly & Associates

John Watt, CIAF

Sylvia Siegel, TURN

W. C. Byrd, Los Angeles Department of Water and Power

Robert Pettinato, Los Angeles Department of Water and Power

Jim Prosser, California Pool and Spa Industries Council

I N D E X

	Page
Proceedings	1
Opening Remarks by Chairman Imbrecht	1
Agenda Item 1 - Commission Consideration of a Petition For Rulemaking filed by BR Laboratories Inc. to amend Section 1606 of the Appliance Efficiency Regulations.	
Executive Director Ward - Presentation	1
R. Michael Martin - Presentation	1
Commissioner Gandara	2
Commission Order	3
Agenda Item 3 - Proposed Amendment to Contract with Acurex Corporation, Methanol Bus Demonstraton.	
Executive Director Ward - Presentation	4
Leon Vann - Presentation	4
Commission Questions and Discussion	8
Commission Order	49
Agenda Item 2 - Contract, $55,321, with CALBO to provide training seminars for building department employees on the New Residential Energy Standards.	
Executive Director Ward - Presentation	50
Bill Pennington - Presentation	50
Jim Miwa - Presentation	50
Commission Questions and Discussion	51
Commission Order	58
Agenda Item 4 - Amendment to Contract, $20,000, with CALBO to provide telephone information service on Residential Standards for multi-family buildings.	
Commission Questions and Discussion	58
Commission Order	64
Commissioner Schweickart Presents Resolution	64
Commission Order on Resolution	65
John Watt, CIAF	65
Agenda Item 5 - Commission Consideration and Possible Approval of a reallocation of up to $456,730 in Energy Bank Funds.	
Executive Director Ward - Presentation	65
Karen Griffin - Presentation	65
Commission Questions and Discussion	67
Commission Order	68

INDEX (Con't.)

		Page
Agenda Item 6 -	Commission Consideration and Possible Approval of allocation of $361,000 with the PVEA Rental Sector Program.	
	Executive Director Ward - Presentation	68
	Karen Griffin - Presentation	68
	Commission Questions and Discussion	71
	Commission Order	82
Agenda Item 7 -	Commission Consideration and Possible Adoption of staff recommendations on Institutional Conservation Program grants.	
	Wendell Bakken - Presentation	83
	Commission Questions and Discussion	84
	Commission Order	89
Agenda Item 8 -	Commission Consideration and Possible Approval of $109,000 in grants from the PVEA Program.	
	Manual Alvarez - Presentation	90
	Commission Questions and Discussion	91
Agenda Item 9 -	Commission Consideration and Possible Approval of three grants, $31,880, from the PVEA Program.	
	Manual Alvarez - Presentation	97
	Commission Questions and Discussion	98
	Commission Order	99
Agenda Item 8 -	(Resumed)	
	Commission Questions and Discussion	99
	Commission Order	101
Afternoon Session		
Agenda Item 14 -	Approval of Minutes	102
Agenda Item 16 -	General Counsel's Report	
	William Chamberlain - Presentation	102
Agenda Item 17 -	Executive Director's Report	
	Randall M. Ward - Presentation	105
Agenda Item 18 -	Public Comments	
	Sylvia Siegel, TURN	107

INDEX (Con't.)

		Page
Agenda Item 10 -	Commission Consideration and Possible Decision on recommended course of action for LADWP's Appliance Cycling and Load Management Program.	
	Commissioner Commons - Presentation	122
	Commission Questions and Discussion	123
	Executive Director Ward - Presentation	126
	Commissioner Commons - Presentation	127
	W. C. Byrd, LADWP	130
	Commission Order	132
Agenda Item 12 -	Under Separate Cover	133
Agenda Item 11 -	Under Separate Cover	133
Agenda Item 15 -	Commission Policy Committee's Reports	
	Commissioner Gandara - Presentation	134
	Karen Griffin - Presentation	135
	Manual Alvarez - Presentation	137
	Legislative Committee Report	
	Commissioner Crowley - Presentation	138
	SB 1643 - Ayala	138
	AB 2718 - Baker	138
	SB 2225 - Foran	140
	SB 1660 - Montoya	140
	SB 1986 - Boatwright	141
	SB 1884 - Garamendi	145
	SB 2102 - Dills	149
	Commission Order	155
	SB 1955 - Rosenthal	156
	SB 2028 - Dills	157
	AB 3078 - Chacon	165
	Commission Order	166
	Craven Proposal	166
	Commission Position	172
	AB 3579 - Leonard	175
	SB 2155 - Ayala	176
	Commission Position	178
	AB 4031 - Papan	178
	SB 2303 - Rosenthal	178
	Commission Order	178
Adjournment		178
Reporter's Certificate		179

1 P R O C E E D I N G S

2 --o0o--

3 CHAIRMAN IMBRECHT: We'll call the meeting to
4 order. Good morning to everyone. We have a fairly long
5 agenda today, and so we'll try to move through the morning
6 portion, in particular, as expeditiously as possible.
7 The first item is Commission consideration of a
8 petition for rulemaking filed by BR Laboratories to amend
9 Section 1606 of the Appliance Efficiency Regulations, to
10 allow the submittal of certification data to the Commission
11 through an industry or governmental certification agency,
12 providing that agency meets certain conditions. Mr. Ward?
13 EXECUTIVE DIRECTOR WARD: Yes, thank you, Mr.
14 Chairman. Evidently, some regulations that were adopted by
15 the Commission in 1981 made an error that OAL had objected
16 to in the language, which authorized the Executive Director
17 to establish some criteria without going through a rule-
18 making proceeding.
19 Mike Martin from the Conservation Division is here
20 to explain the specifics.
21 MR. MARTIN: The wording as adopted by the
22 Commission stated, contrary to what the petitioner has,
23 states "in lieu of submitting to the Commission the detailed
24 information specified in Subsection 1606(c), the manufacturer
25 may submit the same or similar information to an industry

1 or governmental certification agency, provided that the
2 certification agency meets the criteria specified by the
3 Executive Director. Criteria specified by the Executive
4 Director shall be presented for approval to the Commission
5 after public notice of not less than 30 days."
6 OAL took exception to the phrase of "criteria
7 specified by the Executive Director" since it wasn't spelled
8 out in detail, then that section never got into the
9 regulations; and BR Labs is petitioning to reopen the
10 subject.
11 CHAIRMAN IMBRECHT: Thank you. Does the
12 Committee have any comments on this petition?
13 COMMISSIONER COMMONS: I'm ready to so move.
14 CHAIRMAN IMBRECHT: All right. Moved by
15 Commissioner Commons, and seconded by Commissioner Gandara.
16 Commissioner Gandara?
17 COMMISSIONER GANDARA: I just wanted to make a
18 brief comment to put this in context for the Commission
19 since some of this occurred while I was presiding over the
20 Committee.
21 As Mr. Martin indicated, during the AB 1111 review,
22 we did propose this, something very similar. Mr. Martin
23 correctly noted language that we proposed is different than
24 what the petitioner says that we proposed. Nonetheless, it
25 was an idea that we thought would be useful, and the only

1 comment I wish to make here is just kind of a historical
2 note of how things sometimes backfire.
3 We would have had no problems getting this
4 approved through OAL, but for the mucking around that the
5 appliance industry was doing with all the other appliance
6 regulations, and it turned out that out of the four items
7 that they rejected, three of them were items that we had
8 actually proposed to give some relief to the industry in
9 various quarters.
10 So this is visited back to us in the petition,
11 which I, of course, support, there's no doubt about it.
12 But it just kind of goes to show how sometimes this sort of,
13 you know, working, you know, the obstructionist measures
14 through other agencies somehow backfires in areas where the
15 Commission has had good intent to try to relieve some of
16 the concerns that the industry has had.
17 CHAIRMAN IMBRECHT: Does anyone wish to be heard
18 on this item? Hearing none, is there objection to a
19 unanimous roll call? Hearing none, that will be the order,
20 ayes 5, noes none.
21 The second item on the agenda is a contract for
22 $55,321 with the California Building Officials to provide
23 training for residential building standards. Mr. Ward?
24 EXECUTIVE DIRECTOR WARD: This is a contract that
25 has been discussed in the context of the current year's

budget. Bill Pennington and Jim Miwa from the Conservation Division are prepared to discuss the specifics.

Maybe we can go to Item No. 3, if you're so inclined, Mr. Chairman. It appears that I don't have staff here for the second item.

CHAIRMAN IMBRECHT: All right, fine.

EXECUTIVE DIRECTOR WARD: I'm not sure that there's any kind of a -- any problems, unless there's specific questions relating to the CALBO contracts.

CHAIRMAN IMBRECHT: All right, fine. We'll turn, then, to Item 3, which is the amendment to the contract with Acurex for the methanol bus demonstration. Mr. Ward, do you want to open on that?

EXECUTIVE DIRECTOR WARD: As most of the Commissioners are aware, this has been the subject of quite a bit of discussion. Acurex has discussed the issue with the Commission, and with the Executive Office. The staff has been working on a contract revision for the last couple of weeks. I'll let Leon Vann explain the specifics.

MR. VANN: Before I go through the specific adjustments, I'd like to go through some of the current status of the program, and results that we've seen to date. As you can see on the first slide, let me say first, that the purpose of this program was to demonstrate the use of methanol fuels in diesel applications, specifically in

1 methanol fueled transit vehicles. To date we have purchased
2 two Detroit diesel Allison coaches. We have completed fuel
3 economy testing on the methanol and diesel DDA buses.
4 We're awaiting the delivery of the two MAN buses. Those
5 have been shipped, and they will arrive early next month.
6 We have also completed the installation, and
7 training, et cetera, at Golden Gate. The results to date,
8 we have currently, approximately 1,000 miles on the DDA
9 bus. For our fuel economy testing, we have shown roughly
10 1.5 miles per gallon on methanol that amounts to roughly
11 a 15 percent difference between the mileage that could be
12 expected with diesel fuel, and that's 15 percent less.
13 We have made some changes that we haven't checked
14 to date. That is one of the items that will be checked
15 pending resolution of today's item. We do expect to have
16 with the optimizations that the fuel economy will be
17 improved to a point where it is roughly equivalent to diesel.
18 In the emissions area, we have had some very
19 significant results. As you can see from the graph, we
20 are showing a substantial reduction in both NO_x and CO,
21 particulates, and hydrocarbons. To our knowledge, there
22 is no advance technology that can come close to this NO_x
23 and particulates trade-offs for diesel applications.
24 Effectively, this represents -- with this program,
25 it represents a technological breakthrough for controlling

emissions from diesel vehicles.

COMMISSIONER GANDARA: Mr. Vann, is there some reason why there isn't a bar graph on the aldehydes that are produced by methanol?

MR. VANN: No. The aldehydes would show up as part of the hydrocarbons.

COMMISSIONER GANDARA: That's the first one?

MR. VANN: Yes.

COMMISSIONER GANDARA: Do you have any indications of the relative production of aldehydes?

MR. VANN: As compared to diesel?

COMMISSIONER GANDARA: Yes.

MR. VANN: I don't think we've run specific tests on aldehydes to date, we could do that, however.

COMMISSIONER GANDARA: Okay.

MR. VANN: For -- we've had some problems with the program during the start-up phases. First off, we had to change the routes. Golden Gate revised their route structure after we got into the program, and we had to pick different routes that would be typical for a diesel vehicle for our methanol buses.

We had some trouble in the installation of the fueling facilities. The most significant problem was a piece of legislation that passed requiring double containment on tank facilities, and while that didn't directly impact the

1 installation of the methanol tank, what happened was, the
2 constructors available to do the work, had more work than
3 they could handle, and we had to pay a premium to get our
4 tank installed.
5 In the area of maintenance, we've had a valve
6 failure and some injector failures. Those are related
7 primarily to the diesel engine itself, or the model engine
8 that we're using itself, and they are not methanol related.
9 The only methanol related engine problem that we've
10 experienced to date has been some transient problems --
11 transient operation. We had some stalling that required
12 a software change, a relatively minor change, and we
13 haven't seen that problem since.
14 We also had our -- as I referred to earlier,
15 our fuel economy was showing a lower fuel economy than
16 could be expected with the diesel bus. We've made some
17 changes in the microprocessor that hopefully will adjust
18 for the fuel rich situation during the transient period.
19 The schedule that will result as a result of
20 passing this proposal is a four and a half month extension.
21 Basically, the final report would have been due in December
22 of 1984. We are requesting an extension of four and a half
23 months, out to April of 1985. This is being requested
24 because the MAN buses have been late. They should have
25 already been in operation, however, we haven't received them

1 yet, so we have to request an extension in order to get the
2 35,000 miles on the vehicles that we're trying to achieve
3 before the end of the program.
4 The next graph shows the most significant changes
5 in the program to date, and that's a budget revision.
6 While the total dollar amount does not reflect any change,
7 we have adjusted the program such that we are only receiving
8 two buses, two methanol buses at this time.
9 In the initial proposal, we were to receive
10 three methanol buses. Daimler Benz declined to participate,
11 so we're down to two, and there should be some corresponding
12 savings from that reduction in the number of buses. What
13 we are proposing is that corresponding change be reflected
14 in an item, contingency item, at roughly $147,000.
15 The other significant difference is that in the
16 original program we had planned on leasing the vehicles,
17 whereas, when we got into our negotiations with the
18 manufacturers, we actually ended up purchasing the vehicles,
19 and they have a sale value at the end of the program, since
20 we do own them, that is roughly based on current market
21 conditions, roughly equivalent to $600,000. That can change
22 depending on when we finally sell the buses, what the
23 actual purchase price is.
24 COMMISSIONER GANDARA: Mr. Vann, will you clarify
25 something for me? The agenda material, the first sheet

1 indicated that you were expecting three pairs of methanol
2 diesel buses. Is that six buses?
3 MR. VANN: Six, yes. I referred to three
4 methanol buses, but we also had planned on having a diesel
5 control vehicle for each set of -- for each corresponding
6 methanol bus.
7 COMMISSIONER GANDARA: So when you say you've
8 reduced the methanol buses to two, does that mean you've
9 reduced the total number of buses to four?
10 MR. VANN: That's correct.
11 CHAIRMAN IMBRECHT: Please continue.
12 MR. VANN: That completes my presentation.
13 EXECUTIVE DIRECTOR WARD: This chart is also
14 included in your package if you haven't discovered it yet.
15 CHAIRMAN IMBRECHT: Yeah, I've got one that
16 says $103,000. Do we have an amended version of that?
17 MR. VANN: Pardon me?
18 COMMISSIONER GANDARA: I have a question while
19 Commissioner Imbrecht is looking at that. Somebody
20 mentioned at the beginning that we were familiar with this.
21 Unfortunately, I'm not familiar with this at all, and I
22 had several requests to meet with some people, and our
23 schedule never worked out, so I'm really not sure what
24 the issues are here.
25 But one of the things that I noted was that this

1 sheet for the -- that includes the original budget and the
2 proposed budget, I was trying to reconcile that with your
3 Exhibit C-1. Am I comparing apples and oranges here, or
4 should there be some correspondence there, and I was
5 curious what the Exhibit C-1 for the original contract
6 looked like.
7 For example, I looked under purchased materials
8 and services, and I see reports and visual presentation of
9 $15,800 under Exhibit C-1. Under Task 7, reporting
10 presentations, the original budget has $140,000, mine has
11 154. So --
12 MR. VANN: Okay.
13 COMMISSIONER GANDARA: I'm just trying to figure
14 out --
15 MR. VANN: One of the things that we did with the
16 revised budget is originally when this contract was awarded,
17 we went with a line item budget. Effectively, in the
18 division, since that time, several years ago, we have
19 changed to a task budget. So what you're seeing under
20 reporting and presentations is now an accounting for all
21 labor, materials, overhead, et cetera, by task, as opposed
22 to the cost of producing -- reproducing the report.
23 COMMISSIONER GANDARA: Okay. But I guess I'm
24 still confused then. Does that mean that the contract, of
25 which Exhibit C-1 is our actual contract, should that be a

1 task oriented contract, or should it be this line item
2 contract?
3 MR. VANN: What we are proposing is that that
4 contract will be revised to a task budget as shown on that
5 graph.
6 COMMISSIONER GANDARA: Okay. So Exhibit C-1,
7 then, reflects what? It reflects the proposed budget that
8 you have up there, not translated to task, or is it --
9 I guess what I'm trying to get a handle on is if I were
10 to look at Exhibit C-1 of the original contract, and
11 Exhibit C-1 as you have it here, I would have a better
12 feeling for some of these changes, I would think.
13 MR. VANN: Okay. A bit -- okay. Exhibit C-1 was
14 the original budget that was proposed, and it should have
15 been replaced with this graph shown -- or this overhead
16 shown on the screen.
17 COMMISSIONER GANDARA: Okay. Well, so you're
18 saying that Exhibit C-1 should have been replaced by the
19 original budget, or by a proposed budget?
20 MR. VANN: By this proposed revision that is on
21 the screen, it should have been replaced with that
22 revision.
23 COMMISSIONER GANDARA: Okay. Is this decision
24 to go from a line item budget to a task budget, is that
25 something commonly made by the division when we come up

1 for contract approvals? The reason I'm asking is because
2 I have far less sense of where the dollars are going under
3 the task proposed budget than under the line item budget,
4 and I suppose it's a question of getting adjusted to one
5 or the other, but it does seem to me that for example, we
6 have considerably detailed information on direct waiver,
7 overhead, travel, consultants, G&A fees, and so forth, and
8 none of that seems to come out fairly clearly in the
9 proposed budget.
10 MR. VANN: The contractor still has to bill
11 showing labor, overheard, materials, so on and so forth.
12 That still comes in on the invoices. But from a project
13 management perspective, it is easier to manager the project
14 itself with a cap on each individual task as opposed to
15 trying to go back to the budget that you see in C-1 and
16 prorate everything by task. So as a --
17 COMMISSIONER GANDARA: No, I understand that.
18 But I guess what I'm saying, from the point of view of
19 approving the contract, that for example, the proposed
20 budget doesn't give me any indication at all of what
21 proportion of these dollars would be spent for consultant
22 versus those spent by the organization. It gives me no
23 indication of what proportion would be spent for a fee, so
24 therefore, I have no way of determining whether the fee is
25 reasonable or unreasonable, whether it's a 5 percent fee, a

1 10 percent fee, or something, and I guess what I'm saying
2 is that I'm not quite so certain that the task oriented
3 budget, you know, which I think can be presented alongside
4 a line item budget, I think there is a translation -- or
5 a translation can be made.
6 But you know, in any case, I understand what
7 you're doing, I guess all I'm saying is that I find
8 difficulty in trying to assess and reach a judgment as to
9 what expenditure is going into what in the proposed budget.
10 But that's the only question I had. I don't think it
11 leads us anyplace else.
12 MR. VANN: Okay. We can present on all, you know,
13 contracts, we can present a line item budget if that is
14 preferable, or actually present both. These two budgets
15 are equivalent, we just felt that it was easier for the
16 Commission itself, as well as staff in the management of
17 the contract, to present the budget by task as opposed to
18 by line item.
19 COMMISSIONER GANDARA: Well, I would recommend
20 that for the future, perhaps the Commissioners might have a
21 different feeling, for example, under each task, I think
22 you have an idea, or at least some proposal for what amount
23 will be spent on labor, and consultants, or travel. If you
24 can't break out the travel, or consultants, or even the fee
25 among a task, but someplace at the bottom, there's one

1 overall fee, or -- you know, just a bit more detailed.
2 CHAIRMAN IMBRECHT: Some of the -- my recollection
3 is some of the documentation you provided to us, of course,
4 you were walking the halls, in effect, did break some of
5 that out, did it not?
6 MR. VANN: Yes, it did.
7 CHAIRMAN IMBRECHT: Yeah, I've got it here in
8 this folder if you want to see it. Okay. I think you're
9 correct, at least I've spent enough time on this in the
10 last few weeks that I think I'm familiar with it.
11 I want to compliment you, Mr. Vann, by the way --
12 MR. VANN: Excuse me.
13 CHAIRMAN IMBRECHT: I want to compliment you,
14 by the way, for your direct personal involvement in this.
15 I think you've come up with a judicious response to some
16 of the concerns that have been raised.
17 MR. VANN: Thank you.
18 CHAIRMAN IMBRECHT: I know you've spent a lot of
19 time on it, and I think it's a job well done. Are there
20 any other questions?
21 COMMISSIONER COMMONS: Yes.
22 CHAIRMAN IMBRECHT: Commissioner Commons?
23 COMMISSIONER COMMONS: We have a sheet that shows
24 $103,000 contingency, and a sheet that shows $147,000
25 contingency. Can you explain how and why we made that

switch?

MR. VANN: That was per our discussions yesterday, it was not supposed to ever be $103,000, it was always supposed to be $147,000. Also, in the line item above, and I thought all these changes had been made, it should have reflected $140,954 for reporting and presentations, and emissions and fuel economy testing should have reflected $272,000.

COMMISSIONER COMMONS: Well, it had to have been approved by someone, or considered, otherwise it wouldn't get so far as to be in my book.

MR. VANN: It was considered.

COMMISSIONER COMMONS: Well, what were the reasons why we made this change? That's roughly a 50 percent --

MR. VANN: To $147,000?

COMMISSIONER COMMONS: That's a significant increase in the contingency from 103 to 147.

MR. VANN: Basically what we did on that increase was pull out items that we had added to the original proposal, and placed those items in the contingency, such as we had originally planned on proposing background testing for air quality around the mechanics in the fueling facilities.

We were going to request a report -- special

1 report for industry on the fuel economy testing, and we
2 were going to do a second emissions test. We pulled those
3 items out pending -- after we receive the MAN buses, you
4 know, we may still propose to use the contingency for those
5 items, but we don't know at this point in time what problems
6 to expect with the buses when they arrive.
7 COMMISSIONER COMMONS: All right. My next
8 question is, essentially we have $664,000 and we have a
9 budget as to how you're going to spend approximately
10 $500,000 of that. Now, we have often spent a lot of time
11 on a contract in the amount of $147,000 and I have no idea
12 as to one, why we're holding this contingency. Second of
13 all, why it's not allocated to specific line items. Third,
14 why it is as large as it is. A contingency on a study of
15 this type, that is 25 percent of the unspent dollars is
16 very unusual.
17 I'd like to know from our Executive Director,
18 have we ever had a contingency fund on this type of contract
19 one, and second, have we ever had a contingency fund of
20 this size on this type of contract?
21 EXECUTIVE DIRECTOR WARD: I'm not aware,
22 Commissioner, whether we have or we haven't. But I have
23 been party to this process as other Commissioners have, and
24 I think as Mr. Vann indicates, we do have some flexibility
25 here. It's a contingency, there are a number of unknown

1 factors that might present themselves during this
2 demonstration. It is a demonstration project, and so I
3 think a contingency reserve is both prudent and justifiable.
4 The items that have been extracted from the tasks
5 that total the $147,478 can be discussed specifically, if
6 you want more detail on those, that Mr. Vann previously
7 listed.
8 COMMISSIONER COMMONS: Well, let's -- the way I
9 look at it is we have two items before us. One is $500,000
10 of proposed budget reallocation, and second is a contract
11 for $147,000 which is called a contingency, which I have
12 no idea at this time how it's being proposed to be spent,
13 what are the ground rules, or where it can go.
14 For example, I would assume that there's no intent
15 to spend any of that money for Items 2 and 7.
16 COMMISSIONER GANDARA: If I might interrupt here
17 and provide some historical perspective on this, and then
18 you can continue with your question. It's just that you
19 asked a question of the Executive Director whether we have
20 provided for a contingency fund before. The answer is yes.
21 We have provided for a contingency fund in the
22 California Highway Patrol contract for those cars those --
23 COMMISSIONER SCHWEICKART: Pursuit cars.
24 COMMISSIONER GANDARA: Yeah, whatever, and I don't
25 recall exactly, but I think that the contingency fund was

1 either in the order of around $50,000, or perhaps a bit
2 larger. You may recall that at that time I opposed the
3 contingency funding. I moved that it be removed from the
4 budget, and the Commission by a 4 to 1 vote went ahead
5 and approved it. So, that's the history of contingency
6 funding. You voted for the contingency fund in the CHP
7 contract.
8 COMMISSIONER COMMONS: That was a -- on a $2 or $3
9 million contract, roughly $50,000, or --
10 COMMISSIONER GANDARA: That's correct.
11 COMMISSIONER COMMONS: -- a very small fraction
12 of what we're discussing here.
13 EXECUTIVE DIRECTOR WARD: Commissioner, I guess
14 I would add one comment, is that, you know, to the extent
15 that we proposed to -- staff would propose to use that
16 contingency, we would be coming back to the Commission to
17 augment this contract, or somehow otherwise change the
18 contract.
19 So you will be continued to be informed on an
20 ongoing basis as to what's occurring here.
21 COMMISSIONER COMMONS: Are you saying that none
22 of these funds in contingency can be allocated or spent
23 without the Commission approval?
24 EXECUTIVE DIRECTOR WARD: That's my understanding.
25 MR. VANN: It is really at the discretion of the

1 Commission. They can provide us with the direction they
2 deem appropriate at this time. The contingency fund
3 basically reflects, you know, with a reduction in the
4 number of buses, there's also a reduction in cost, and
5 basically the contingency fund reflects some of those
6 savings from that additional bus that we didn't purchase.
7 I have, you know, mentioned some ideas that we
8 had for allocating those funds, but that in no way
9 commits us at this point in time to using the funds on
10 those items. We're basically using the contingency as
11 just that. If there are major problems with the buses
12 when they come in, that contingency fund could well be
13 needed to keep the buses operational, or if there is a
14 major problem with the buses we currently have.
15 COMMISSIONER COMMONS: Well, one -- Mr. Chairman.
16 CHAIRMAN IMBRECHT: Yes?
17 COMMISSIONER COMMONS: My line of questioning on
18 this item, based on the few statements that I've heard, is
19 going to take roughly half an hour. I have very serious
20 concerns in terms of the way this is coming before us, and
21 I have very serious concerns as to how we arrived at what
22 we did, because I don't think it is understood, and put
23 forth in the package as to how we arrived at the particular
24 numbers that we've done, and whether or not we can complete
25 the contract, or whether or not we can say we are properly

1 expending state monies.

2 The problem revolves back -- is the first thing

3 we have to find out is, with the switch from three buses

4 to two buses, what are the contract savings, and that

5 information is not shown here in a way that I can track

6 or trace.

7 The second question is, what are the legitimate

8 expenses in terms of modifying the budget, and allowing

9 staff to manage and operate a contract, given a two bus

10 fleet, rather than a three bus fleet, and modifications

11 that should be made to that budget based on existing

12 experience and what they project to occur.

13 What we're really doing is two steps. I have

14 no problem in terms of saying, if we have a two bus fleet,

15 there are things that have occurred which are, in essence,

16 in the trade, change orders that have resulted in either

17 increased costs in some instances, or decreased costs in

18 other instances, as modifying the contract so we can allow

19 this program to go forward.

20 On the other hand, if there's been a change from

21 a three bus fleet to a two bus fleet, in order to look at

22 how we allocate the funds, I think we need to trace through

23 what are the impacts in terms of the overall budget costs

24 of those, and we don't have that tracking system presented

25 to us in order to make, I think, a reasonable decision.

1 I don't think we have a basis of making a decision.
2 Now, I have no problem of trying to do that in
3 the business meeting, which would take, I think, half an
4 hour to put those numbers together, or my preference would
5 be, is to ask staff to put those numbers together, and
6 have it brought back to us, and we look at it later on in
7 the day.
8 CHAIRMAN IMBRECHT: I'm not sure that I exactly
9 understand your request. If your proposal is to put this
10 over until later in the day, that I can accept. This
11 item has been delayed, as I'm sure you're aware, on I
12 believe two separate business meeting occasions, and I
13 think that there is some time exigency now facing us, and
14 we need to make a decision today.
15 I was under the impression that you had spent
16 substantial time with the staff going over these items in
17 some detail, and that those very questions had been the
18 subject of your conversations. I know they have been the
19 subject of my conversations with the staff, and I'm curious
20 as to whether that is true or not.
21 If we're talking about redigesting the same
22 information that's been presented to you in the past or not.
23 COMMISSIONER COMMONS: Well, the way it's being
24 presented to me today is not the way it was presented to
25 me previously.

1 CHAIRMAN IMBRECHT: Okay, as a courtesy, let me
2 ask you this. Mr. Vann, do you understand what Commissioner
3 Commons precisely is asking of you?
4 MR. VANN: I understand what he asked us to do,
5 but I do not agree that we've presented different informa-
6 tion to him than what we are discussing right now. I would
7 have every intention of using the same material to make
8 an additional presentation.
9 CHAIRMAN IMBRECHT: Could you reiterate once
10 again precisely what it is that you find is missing here,
11 Commissioner Commons, because I --
12 COMMISSIONER COMMONS: Okay. I have no problem
13 with Items 1 through 7 in terms of what's being proposed.
14 Staff says to me that they need to make those modifications
15 on the budget in order to complete the program, and they
16 feel that that is correct, and it's beyond their authority
17 without going to the Commission, that's fine.
18 The problem I have is I've never seen a contingency
19 fund of this large amount with no information as to how
20 it's being spent, or why it's being set in such a broad
21 categorization.
22 EXECUTIVE DIRECTOR WARD: Well, I think --
23 CHAIRMAN IMBRECHT: Well, I think I can answer.
24 EXECUTIVE DIRECTOR WARD: Commissioner, I think
25 we can do that. We have a list, and Mr. Vann can go over

1 the specific items that were extracted from these tasks
2 to make up that contingency and the amounts associated with
3 those items, and I think that should give you the same
4 perspective, or the same general perspective --
5 CHAIRMAN IMBRECHT: Let's put it on the table and
6 try to get this resolved right now. I think as you're
7 well aware, when the staff first came to us with the
8 proposed modification of this contract, the initial
9 presentation called for expenditure of the total funds
10 involved in the original authorization from the Legislature
11 and the Governor, despite the fact that there had been a
12 reduction in the number of buses, and despite the fact that
13 the contractor involved had clearly not correctly estimated
14 the costs of certain responsibilities when the bid was
15 submitted.
16 Now, the issue, to a large extent, is how you
17 deal with those kinds of concerns, and whether you, in
18 effect, backfill all of the dollars involved, or whether
19 you try to exert some management control over the issue.
20 My understanding is that you had expressed those
21 concerns to staff, I have as well. It seemed to me utterly
22 logical to amend the contract and authorize the total
23 dollars involved when clearly the tasks in question were
24 diminished by virtue of the fact that there were less
25 buses.

1 What this represents, as I best understand it,
2 also this item, I think you've -- I assume you've seen a
3 copy of this item that Commissioner Gandara now has which
4 breaks out the expenditures within the tasks and -- you
5 have seen that, okay.
6 That was the document that raised a lot of
7 questions in my mind, when fees, for example, went up as a
8 result of increased labor associated with the task. It
9 seemed to me to be not only a disincentive for hard-nosed
10 program management by the contractor, but almost an
11 incentive not to be hard-nosed, because obviously,
12 compensation to the contractor was directly related to the
13 hours involved.
14 That didn't make much sense to me, frankly, and
15 those are some of the questions I raised. I believe that
16 the management of the Development Division shared some of
17 those concerns when they were raised, and went back and
18 reviewed this in some depth and detail.
19 I want to make it clear, I had no target whatever.
20 What I was suggesting to them is that they needed to look
21 closely at these individual items to determine whether it
22 was truly justified to be, in effect, rewarding, the
23 mistaken estimates of staff commitment, et cetera, necessary
24 to perform certain tasks under the contract.
25 I have some concerns that when you go back and

1 amend the contract, in a backfill of this nature, that
2 other bidders have very legitimate grounds to be upset if,
3 indeed, they had originally estimated that a task was going
4 to take more than the successful bidder estimated, and in
5 retrospect, it turned out that the losing bidder was
6 perhaps more accurate in some of those estimates.
7 That was another reason for my concern about
8 frankly, subjecting the Commission, potentially, to
9 complaints and concerns and other possible remedies that
10 unsuccessful bidders could utilize by virtue of this kind
11 of secondary decision.
12 Now, I don't -- the contingency, however you
13 want to characterize it, I don't think there are any
14 plans as to how to spend the contingency. In the event
15 that some unexpected event were to occur, potentially the
16 staff might come back and suggest a subsequent amendment.
17 At the same time, however, simply because there's
18 been an allocation of dollars, it doesn't, in my mind mean
19 that good stewardship of public funds says that you must
20 spend all those dollars even if that potentially means
21 those dollars revert, although in this case, we will have
22 some time to consider utilization of those funds for other
23 methanol related expenditures. That's essentially where
24 it stands.
25 COMMISSIONER COMMONS: Well, I was with you --

1 everything you've said, in fact, independently, I think
2 we've made an assessment, and identified very similar
3 items where we had concerns.
4 CHAIRMAN IMBRECHT: That was the way it had been
5 represented to me, so that's why I'm a little surprised.
6 COMMISSIONER COMMONS: And we were going down,
7 I think, very much the same track. The area where we've
8 run into a possible difference, and I'm not sure it's a
9 difference, because I'm not able to track it from the
10 information, is I wanted to differentiate between those
11 items which result in cost savings on this contract, due
12 to the change from three buses to two.
13 So I would understand first, hey, we have done a
14 great job, we have gone out and purchased buses instead of
15 leasing buses, but on the other hand, we are suddenly
16 working with two buses instead of three, and that was the
17 first step to come to.
18 That number in my own arithmetic did not come to
19 $147,000. The second step was that there are some change
20 orders that have been instituted on our behalf which are
21 not the contractors responsibility, but were our responsi-
22 bility, particularly in the area of testing the buses where
23 the contractor is being asked to test the buses separately,
24 has had to make separate runs in dealing with Golden State,
25 and those are essentially change orders in a contract, where

1 the contractor has not overspent on a particular item, or
2 underspent on an item, and --
3 CHAIRMAN IMBRECHT: I appreciate that, I understand
4 what you're saying, sure.
5 COMMISSIONER COMMONS: And what I have not seen
6 broken out to arrive at the 147 is the arithmetic that
7 goes through that process.
8 Now, in completing the contract, part of that
T.2 9 $147,000 -- because I do not believe in my mind that you
10 can complete this contract, and I wouldn't want this
11 Commission to be put into a position of believing that we
12 can complete this contract without an expenditure of a
13 rather significant portion of that $147,000 which is the
14 way it's being presented to us today, is that there is a
15 contingency, but it's very unlikely that we're going to
16 have to expend any part of that contingency.
17 It's my belief that after reviewing the numbers,
18 we will have to use a significant portion of that
19 contingency to complete the contract.
20 COMMISSIONER SCHWEICKART: Mr. Chairman, could I
21 perhaps contribute something here?
22 CHAIRMAN IMBRECHT: Commissioner Schweickart,
23 thank you.
24 COMMISSIONER SCHWEICKART: Yes. If I understand
25 Commissioner Commons' statement earlier, correctly, he has

1 no problem with Items 1 through 7, and yet we are in
2 some sense getting into the details which it would seem are
3 contained within the proposed budget and Items 1 through 7.
4 Now, I would propose that if in fact there is no
5 problem, Commissioner Commons, with Items 1 through 7, and
6 the total contract is 1,998,079 as indicated here, then
7 the difference between them is indicated as a contingency.
8 One certainly can't argue with the overall size of the
9 contract, and if you argue with nothing in 1 through 7,
10 then the remainder is labeled contingency, period.
11 It seems to me on the other hand, that requiring
12 that the staff return to the Commission for any drawdown
13 on that contingency is, for me at least, an adequate
14 control mechanism. That is, the contingency will not be
15 spent unless there is something which persuades the
16 Commission that any of that money should be drawn down.
17 A program reduction in scope, plus the added
18 costs that have entered into the program, et cetera, which
19 all of us have seen in the various exhibits brought before
20 us independently, would indicate that we have at this point
21 a net reduction of $147,478 plus whatever the resale value
22 of the buses is at the end of the program.
23 It seems to me that that's relatively straight-
24 forward, and the only question I would have is the control
25 over any drawdown of the contingency fund.

1 CHAIRMAN IMBRECHT: I may be wrong, but I
2 somehow think that maybe you're going a little different,
3 because Commissioner Commons is saying, in effect, that he
4 expects that $147,000 or some portion of it to be spent,
5 correct?
6 COMMISSIONER COMMONS: Yeah. Let me correct my
7 earlier statement. What I'm saying is if the staff came
8 in on Items 1 through 7, and wanted to make a budget
9 modification which was beyond their ability to do because
10 of the 10 percent rule, and saying, this is how we would
11 like to complete the contract, that's -- and it's, you
12 know, supportable, I have no problem with making or
13 accepting that amendment.
14 I have gone through these figures now, in depth,
15 and it is my belief that the contractor acting in good
16 faith, or operating in good faith -- maybe we'd like to
17 ask the contractor that question, since the contractor is
18 present, could not complete this program as currently
19 outlined under the scope of work for $147,000 less than the
20 contract amount.
21 When we're given a situation where it's the full
22 expectation that the contractor is not going to be able to
23 complete the work as part of the scope of work without
24 coming back to us, I feel it is inappropriate to us
25 modifying a budget, and taking this action when we know that

1 we're going to have to go back and do the same thing over.
2 I agree with you, Commissioner Schweickart, that
3 I don't want to -- I want to have the review in terms of
4 if there were a contingency that they would come back to
5 the Commission, but this is an extremely, unusually large
6 amount of contingency. I think it could be properly
7 allocated to task, and I don't want the committees to get
8 into reviewing details in budgets, which is what's occurred
9 in this case.
10 I don't think that's the appropriate role of the
11 Committee, or what we're doing. I also don't think it's
12 appropriate to have a 25 percent contingency fee on this
13 type of study on the amount of funds that are not expended.
14 But we've mixed apples and oranges in terms of the
15 numbers here, and we're not able to decipher how you got at
16 that 147, and I state that if you take the savings from the
17 buses which have occurred, you add to that the change
18 orders, that that number does not come to $147,000. That's
19 the number I want to see how they arrived at it as to going
20 through it on a two-step process.
21 CHAIRMAN IMBRECHT: Commissioner Gandara?
22 COMMISSIONER GANDARA: I have a slightly different
23 problem here. I -- you know, it's well and good that
24 people have discussed this for two weeks, and so forth,
25 and they're familiar with some of these issues. I basically

1 feel that the information in the agenda package is not
2 adequate for me to make a decision and judgment on the
3 information presented before me.
4 You know, you just showed me a sheet here which
5 is more explanatory, certainly, but it also raises other
6 issues, and --
7 CHAIRMAN IMBRECHT: I think this summary here
8 actually resolves the issues that you would naturally
9 raise, because they're the ones that all of us raised that
10 went over that sheet.
11 COMMISSIONER GANDARA: It doesn't because there
12 are seven tasks here, and they total to the same contract
13 amount, and so there's, you know, nowhere that distribution
14 of the contingency -- I think the question that Commissioner--
15 CHAIRMAN IMBRECHT: Let me ask that directly --
16 COMMISSIONER GANDARA: -- if I might finish.
17 CHAIRMAN IMBRECHT: Sure, I'm sorry.
18 COMMISSIONER GANDARA: The question that
19 Commissioner Commons raises about what the reduction in
20 buses might mean in terms of reductions in costs someplace
21 else is reasonable, because I notice at least one item here
22 where the bus procurement Task 2, the -- you know, we are
23 procuring two buses now instead of three, but somehow the
24 travel has gone up about 500 percent, from $1,600 to
25 $9,000. We have one less bus, and painting has gone up

1 from -- again, about 500 percent from $2,400 to $10,000.
2 I'm sure that all these are reasonable things.
3 All I'm saying is that my problem is that based on the
4 information that is contained in the agenda package, it's
5 inadequate for me to make a judgment on this issue here,
6 and I know that you took umbrage the other day at the
7 extra Commission discussions, but it does seem to me that
8 while other people may feel comfortable with a resolution
9 of this thing, I certainly, you know, don't feel that I
10 can participate in this decision, and that's not to say
11 that the proposed budget is wrong, or anything like that
12 either.
13 All I'm saying is that I just don't have the
14 information to reach that judgment on my own.
15 CHAIRMAN IMBRECHT: Well, what you have -- the
16 document that you're holding right now, Commissioner
17 Gandara, is the reflection of the original staff proposal
18 that I mentioned in my remarks a moment ago which called
19 for an amendment to the contract at the full dollar figure
20 of the original contract, despite the fact that the number
21 of buses was less, and clearly, there had been substantial
22 differences in expenditures than what had been anticipated
23 when the bids had been submitted.
24 Frankly, I am prepared to vote. I'd like to
25 take some indication from the rest of the Commission with

1 the proviso that expenditures from the contingency fund
2 would indeed be brought back to the Commission for subsequent
3 approval.
4 COMMISSIONER CROWLEY: Can we call for the vote
5 on the measure.
6 CHAIRMAN IMBRECHT: You certainly may. We'll need
7 a motion in a moment. Commissioner Commons.
8 COMMISSIONER COMMONS: Yes, I would like -- I
9 had asked that we allow Acurex to --
10 CHAIRMAN IMBRECHT: Fine. I would be happy, and
11 I would ask them if they have objections.
12 COMMISSIONER COMMONS: -- whether or not they
13 feel that they could complete this contract for $147,500
14 less than originally scoped.
15 CHAIRMAN IMBRECHT: Is there a representative
16 here that wants to testify on behalf of Acurex?
17 MS. CHESBROUGH: Mr. Chairman, could I call to
18 your attention that in the CHP contract, when you had the
19 $50,000 contingency fee, you did discuss in that meeting,
20 the Commission, what the purpose of the expenditures could
21 be, for example, purchasing more cars, that was one of the
22 specific items that was noted at that time.
23 Also, there was a proviso that any expenditures
24 from that $50,000 contingency fund would be made with the
25 Committee -- the appropriate Committee's permission. In

1 other words, the contract manager and the division manage-
2 ment would have to bring that back to the Committee, and
3 that was the way that you resolved it in that case.
4 CHAIRMAN IMBRECHT: Thank you.
5 COMMISSIONER GANDARA: Ms. Chesbrough is correct.
6 My memory serves me a little bit differently in one area,
7 and that is the discussion of the contingency fund was
8 directed more to the possibility of the changes in the
9 relative price of gasoline versus methanol.
10 I believe that at that time that was the primarily
11 stated purpose of the contingency fund, that should the
12 cost of gasoline drop further that the subsidy that would
13 have to be paid for methanol would be greater. But you're
14 right, the purpose of it was discussed -- that's my
15 recollection, the purpose as opposed to any increase in
16 other costs, and it was conditioned similar.
17 CHAIRMAN IMBRECHT: Okay. Sir, would you like
18 to identify yourself please?
19 MR. JACKSON: Yeah. My name is Mike Jackson. I'm
20 the Project Manager for Acurex on this particular job, and
21 I would like to address Commissioner Commons' comment. The
22 question, as I understand it, is can the job be done to the
23 original scope of work taking out the $147,000, is that
24 correct?
25 The answer to that is that yes, it can be done

1 to the original scope of work provided you take exceptions
2 to two things. One is there's two change orders that we
3 have discussed with the staff, and we have worked with the
4 staff, that we're pulling out of that in that $147,000, and
5 they are:
6 One is the additional testing, fuel economy
7 testing of the MAN vehicles. Two is the report to industry
8 on the SAE Type 2 testing which would, in our original
9 scope of work, have been presented at the end of the
10 project.
11 MR. VANN: Now, to provide some additional
12 explanation --
13 CHAIRMAN IMBRECHT: Sure.
14 MR. VANN: -- what happened was when we discussed
15 the contingency, anything that was not included in the
16 original contract was pulled from the original staff
17 proposal, and while we've only discussed two with Acurex,
18 being the testing and the industry report, we also have
19 discussed internally doing background testing on emissions
20 around fueling facilities, and around the maintenance yard.
21 That's come up as an issue on CHP, that's an extra item.
22 We would propose on the contingency, if the MAN
23 buses that are due to arrive next month, if those buses
24 do not experience the same level of difficulty that was
25 experienced on the DDA buses, then the contingency are truly

1 funds that we have no plans on expending at this point in
2 time. They can remain on the table at the end of the
3 program.
4 We would, however, propose these specific
5 additions if the funds are available.
6 CHAIRMAN IMBRECHT: And if it becomes apparently
7 necessary to consider those questions.
8 MR. VANN: Yes.
9 CHAIRMAN IMBRECHT: I'd just reiterate, I think
10 that staff has handled this appropriately by virtue of the
11 fact that we are now faced with a contract amendment that
12 is defined in the context of what the original RFP actually
13 was, and I believe that insulates us from the prospect of
14 challenges by other bidders.
15 In the event that there are additional tasks that
16 the staff believes are appropriate, or necessary for us
17 to successfully complete this program, and have a work
18 product that is going to be credible to the outside
19 community, they will come back and pose those as, in effect,
20 change orders to the contract and to be funded by the
21 contingency fund.
22 My own perspective of that makes all the sense
23 in the world. Commissioner Commons?
24 COMMISSIONER COMMONS: Yes. Could you tell me on
25 those two items that you've identified, testing and report

1 to industry, what the dollar amount, and which task they
2 should be allocated to?
3 MR. JACKSON: Reporting should be probably
4 allocated to -- well, it should be allocated in Task 7,
5 and that's about $14,000. The emissions test -- the fuel
6 economy testing for the MAN vehicles is in Task 6, and that
7 is roughly $30,000.
8 COMMISSIONER COMMONS: May I ask staff why those
9 two items, since they are going to have to occur, are not
10 part of the proposed budget, and not part of a contingency
11 fund?
12 MR. VANN: Well --
13 COMMISSIONER COMMONS: Because you're going to
14 have to come back to us on those two items in any event.
15 CHAIRMAN IMBRECHT: Why do you make those --
16 MR. VANN: On one event --
17 COMMISSIONER COMMONS: They have no choice on the
18 testing of the buses, since it's going to be done separately,
19 that is a change order because one bus has been tested, and
20 the other bus hasn't, and they have to set up the testing
21 facility. This is already a known fact.
22 MR. VANN: The second test is not -- was not
23 included in our original contract, and we would make that
24 recommendation, however, it is not mandatory. We have
25 tested the DDA bus. We don't have to do the second test.

We cut this budget down to address your initial question, we cut the budget down to those items that we absolutely had to do to complete the program, and that is all that is shown in the Tasks 1 through 7 at this point in time. All the other work that I have suggested here is indeed extra work that, you know, there is not one item on there that I would not say, if we had the money, we shouldn't do.

COMMISSIONER COMMONS: What is the intent of staff? Is the intent of staff to test this bus for $30,000? Is the intent of staff to have this industrial report for $14,000?

MR. VANN: And the intent of staff is to also, if the money is available, request the background testing, because of questions on CHP, and it is the intent of staff to leave approximately $85,000 completely uncommitted, no ideas, nothing at this point in time.

COMMISSIONER COMMONS: Well, Mr. Chairman, I am able to move forward if we incorporated into this recommendation those things that we know we're going to have to revisit anyway so that we don't have to do this two or three times over.

CHAIRMAN IMBRECHT: Okay, and those items would be the fuel testing of the MAN bus?

MR. VANN: Yes, that would be the only item that

1 I would say is absolutely, you know, of the highest priority.
2 The report to industry and the brochure, that really is of
3 lower priority than making sure that the buses are
4 operating consistently throughout the life of the program.
5 All the other items are really very discretionary.
6 COMMISSIONER COMMONS: I would like staff to
7 say to us that they recommend that we do a report to
8 industry or not, and we close on this matter, and not come
9 back in two or three months saying that we'd like to do
10 this or that.
11 MR. VANN: I could not make that recommendation
12 at this time, because in looking at the priorities of the
13 program, if the MAN buses arrive, and they have significant
14 problems, I would rather work on the buses than do an
15 additional report.
16 CHAIRMAN IMBRECHT: Okay.
17 COMMISSIONER SCHWEICKART: Mr. Chairman?
18 CHAIRMAN IMBRECHT: Yes, Commissioner Schweickart?
19 COMMISSIONER SCHWEICKART: If I could make a
20 suggestion here, I've noticed that nowhere in my package,
21 at least, do I have anything which literally I'm signing
22 my name to. There's no order or Commission directive, or
23 anything of that kind. At least -- that may just be missing
24 in my package, but it's not there.
25 I am hearing now from Mr. Jackson that there are,

1 that in fact we would not be simply approving a modified
2 budget, but that we would further be amending the original
3 contract, at least to the point of the industry report, and
4 I would like to see that spelled out specifically in --
5 MR. VANN: Excuse me. The industry report was
6 extra. That's a separate report targeted only at industry,
7 not -- I mean, the final report is still the same.
8 COMMISSIONER SCHWEICKART: Well, my question is,
9 is it in the original contract on this program?
10 MR. VANN: No.
11 COMMISSIONER SCHWEICKART: No, it's not.
12 MR. VANN: No.
13 COMMISSIONER SCHWEICKART: So then, Mr. Jackson,
14 are you stating publicly then, that for the -- with the
15 numbers here, and if we add back in the emissions tests,
16 I gather that Commissioner Commons has talked about --
17 CHAIRMAN IMBRECHT: The mileage test.
18 COMMISSIONER SCHWEICKART: The mileage test for
19 -- I think your estimate was what, $30,000?
20 MR. JACKSON: $30,000 for the MAN vehicles, yes.
21 COMMISSIONER SCHWEICKART: All right. That if
22 that is added back in, thereby reducing the contingency
23 fund by that much, that all of the original contract
24 provisions will be met by Acurex.
25 MR. JACKSON: That is correct.

1 COMMISSIONER SCHWEICKART: All right, so that
2 there is no --
3 MR. JACKSON: That is, the original contract
4 would be performed for the amount, the $147,000 without
5 the report to industry, and without the MAN fuel economy
6 test. Now, if you add back in the fuel economy test, then
7 the contingency reduces by $30,000.
8 COMMISSIONER SCHWEICKART: And was the fuel
9 economy test part of the original contract?
10 MR. VANN: One fuel economy test was --
11 MR. JACKSON: Economy testing, yes.
12 COMMISSIONER SCHWEICKART: All right, so what
13 we're talking about here is a second.
14 MR. VANN: That's correct. Originially we
15 intended on having all buses tested at the same time. We
16 put one test in, the buses did not arrive at the same time.
17 COMMISSIONER SCHWEICKART: All right. Then if
18 we were now to add that back in, we need a contract amendment
19 to add a new task, and I would suggest that in providing an
20 order to the Commission, that we can literally see what
21 we're signing, that that -- whatever it takes in terms of
22 additional task, that that be articulated, and a price
23 associated with it, when you knock that off the $147,000.
24 If I don't see that, I don't know exactly what
25 I am asking Acurex to do, nor at the end of the program, if

1 Acurex sues, or if we sue them, on what basis anyone is
2 going to make a judgment as to who owed who what. So if
3 we are putting something in, I don't have any problem with
4 that, in fact, I would support that testing, but I think
5 it needs to be articulated as an additional amendment to
6 the contract, as well as amending the proposed budget.
7 CHAIRMAN IMBRECHT: Originally you contemplated
8 all the buses would be delivered at the same time.
9 MR. VANN: Yes.
10 CHAIRMAN IMBRECHT: As a consequence, you set up
11 the test equipment for the fuel economy testing one time--
12 MR. VANN: That's correct.
13 CHAIRMAN IMBRECHT: Run the vehicles through the
14 same equipment --
15 MR. VANN: Right.
16 CHAIRMAN IMBRECHT: -- and as a consequence, your
17 costs have stabilized. That did not occur, and as a
18 consequence, you have to go back and do that a second time.
19 MR. JACKSON: That is correct.
20 CHAIRMAN IMBRECHT: Okay, fine. I will support
21 that change as well.
22 MS. CHESBROUGH: Mr. Chairman, if I could just
23 bring to your attention the original contract terms, I
24 don't think need to be amended, Commissioner Schweickart,
25 because while it was probably the intent between the parties

1 as in the proposal, it does say in the contract that all
2 the testing will be done on each methanol engine, which
3 I think is sufficient to allow for testing either
4 simultaneously, or concurrently. I don't think that the
5 contract terms require a change.
6 I think if the budget is changed to add in
7 separate testing, that is consistent with the requirements.
8 CHAIRMAN IMBRECHT: Okay. Let's bring this to a
9 head. I will make the motion that we approve the staff
10 recommendation with the addition of those dollars necessary
11 to conduct the fuel economy testing on the MAN buses, the
12 indication was it was approximately $30,000. I'll make my
13 motion in the fashion that will allow you to fill in the
14 specific dollar figure as opposed to an approximate number.
15 COMMISSIONER COMMONS: I can second that.
16 CHAIRMAN IMBRECHT: Seconded by Commissioner
17 Commons.
18 COMMISSIONER GANDARA: Discussion?
19 CHAIRMAN IMBRECHT: Yes, Commissioner Gandara.
20 COMMISSIONER GANDARA: I have four quick questions
21 that I'm still puzzled by. I have here two different
22 breakouts of the individual tasks and, you know, can you
23 tell me which one is correct, or most correct?
24 MR. VANN: One of those is a two pager, one of
25 those is a three pager?

1 COMMISSIONER GANDARA: That's correct.
2 MR. VANN: Okay. The two pager is the look at
3 the program based strictly on two buses versus three.
4 That's all it shows. Everything else goes strictly as
5 planned. No changes, no problems with the fuel tanks and
6 so on. Just to give you some idea of what would happen
7 if the program were perfect and we just dropped off one bus.
8 The second set was the original proposal floated
9 to the Committee for reallocation of those so-called
10 savings from the previous one.
11 COMMISSIONER GANDARA: Okay. So -- but it doesn't
12 reflect the proposal that's before us today.
13 MR. VANN: No.
14 COMMISSIONER GANDARA: That would be a third one
15 that would have to --
16 MR. VANN: Yes, there would have to be a totally
17 and completely different set.
18 COMMISSIONER GANDARA: Okay. Well, then I just
19 have four quick questions. In the original two pager
20 reflecting the reduction from three buses to two buses,
21 in Task 2, there is a category painting, in which the
22 original budget has $2,400, and the reduced budget had
23 $1,600. That makes sense. It's you know, $800 a bus,
24 you only have three or two buses, you go from three to two,
25 so you now have $1,600.

1 The proposed budget goes in painting from $2,400
2 that is, $800 a bus, to $10,000, that's $5,000 a bus. What
3 is the correct figure now?
4 MR. JACKSON: That painting class has in it not
5 only painting but other ODC items, other direct cost items,
6 such as typing, that's why it says painting et cetera. I
7 don't know if you noticed that item or not.
8 I think what we have proposed to staff is $4,611.
9 COMMISSIONER GANDARA: Per bus?
10 MR. JACKSON: No, for the total buses.
11 COMMISSIONER GANDARA: Okay. I guess my
12 question then is why did it increase from $1,600 to $4,611?
13 MR. JACKSON: Part of that was the increase in
14 costs that we have to bear in terms of all the correspondence
15 and typing, and whatnot, we did with all of the manufacturers,
16 in particular Diamler Benz who decided to decline to
17 participate.
18 COMMISSIONER GANDARA: So then your original
19 estimate of $2,400 for three buses was wrong, because it
20 takes $4,600 for just two buses?
21 MR. JACKSON: That is correct.
22 COMMISSIONER GANDARA: Okay.
23 MR. JACKSON: It was wrong in the sense that what
24 we had anticipated was being able to go through and provide
25 these manufacturers with statements of work and not have to

1 sit down and renegotiate these statements of work with
2 them for a year and a half, in the case of MAN, or in the
3 case of Diamler Benz, having to discuss with them at great
4 length why they don't want to participate any more, after
5 they had tentatively agreed to participate.
6 COMMISSIONER GANDARA: In Task 6 there's a
7 category called coach engine shipping that logically goes
8 down from $15,285 to $10,190 when you go from three to two
9 buses. In the revised budget, it goes up from $28,838 --
10 I'm sorry, that's coach engine shipping, that's Task 6.
11 Yeah, it goes up from -- I take it back. Task 3, we're
12 in engineering construction, from $28,838 in the original
13 two sheet it stays at $28,838, in the revised one it
14 goes up from $28,000 to $62,000.
15 What is the current figure for that.
16 MR. JACKSON: Sixty-two is the actual cost. That's
17 what it actually costs us, and the reasons are a number of
18 reasons. Golden Gate had requested a different size tank,
19 which we agreed to put in, from a 10,000 to a 12,000. They
20 also requested a hold-down system which from our point as
21 engineers we thought was over-extensive, but we went along
22 with it anyway, with staff's approval.
23 A third reason was the fact of the recent
24 legislation that was going in, and the fact that the
25 contractors were taking advantage of a situation that was

1 favorable to them, and their prices went up.
2 MR. VANN: And that was the most significant
3 change was that double containment legislation.
4 COMMISSIONER GANDARA: In Task 6, you have
5 engine removal/replacement. The original estimate was
6 $6,000, I take that for three engines, $2,000 an engine,
7 and when you went to two buses, you estimated that to be
8 $4,000, but the revision now says that the engine removal/
9 replacement will stay the same, $6,000 and $6,000. So
10 the cost per engine removal/replacement has gone up from
11 $2,000 per engine to $3,000 per engine. Why is that?
12 MR. JACKSON: That was just a best guess right
13 now, Commissioner, what I think is going to happen.
14 COMMISSIONER GANDARA: In the report, in Task 7,
15 in the final report, your original estimate was that it
16 would take $5,800 to do a final report, and under the Task
17 7, I guess, the three pager, it says that your final report
18 has gone from $5,800 to $32,690. What is --
19 MR. JACKSON: That is back to the original,
20 $5,800.
21 COMMISSIONER GANDARA: With the excess going to
22 the contingency?
23 MR. JACKSON: That's right.
24 COMMISSIONER GANDARA: Okay.
25 CHAIRMAN IMBRECHT: Okay. I think that what you've

1 seen by virtue of all these questions, is an illustration
2 of the Commission generally, I think, and has an obligation
3 to try to hold the contractors to bids that were submitted
4 absent some clear demonstration that the factual circum-
5 stances have changed beyond the bidder's control, and it
6 really comes down to a basic issue of equity, vis-a-vis
7 other bidders that were deprived of an opportunity for
8 this business.
9 With that, Commissioner Commons?
10 COMMISSIONER COMMONS: Yes. I just want to have
11 a point of clarification, since we don't have an order, it's
12 my understanding that your motion is that this budget
13 will be treated, including the contingency fund, in the
14 normal sense, that it's -- excuse me, excluding the
15 contingency fund, that this budget will be treated like
16 any other budget that this Commission passes, and it goes
17 back to the staff, and they are responsible for watching
18 the expenditure of funds, and the expensing of those funds,
19 and that in the use of the contingency fund, that that
20 would come back before the Commission.
21 CHAIRMAN IMBRECHT: That is correct. That is
22 correct.
23 COMMISSIONER COMMONS: It was not in your motion.
24 CHAIRMAN IMBRECHT: Pardon me?
25 EXECUTIVE DIRECTOR WARD: Excuse me, a

1 clarification, Mr. Chairman. Is it to be handled similar
2 to the CHP fleet --
3 CHAIRMAN IMBRECHT: Anticipated expenditures from
4 the contingency fund should be brought back to the
5 Commission.
6 EXECUTIVE DIRECTOR WARD: The full Commission or
7 the Committee?
8 CHAIRMAN IMBRECHT: I would suggest the full
9 Commission in this instance.
10 COMMISSIONER COMMONS: My feeling is on that,
11 and that's why I asked it, is these would be changes to the
12 contract rather than minor modifications to the work.
13 CHAIRMAN IMBRECHT: That's correct. I hope the
14 message is also received by the staff generally as to how
15 contracts ought to be handled in the future. With that,
16 is there objection to a unanimous roll call? Hearing none,
17 ayes 5, noes none. The amendment as modified is approved.
18 I'm sorry, let me ask, was there anyone else that
19 wished to comment on that action? If there was, we'll
20 rescind it and return to it a little later. If not, thank
21 you, Commissioner Schweickart.
22 Okay. Let's return to Items 2, and then try to
23 do 4 as well. I think we've got the same people involved,
24 and that's the contracts with CALBO to provide training for
25 the new residential standards, and also provide a telephone

1 information service on those standards for multi-family
2 buildings. Mr. Ward.
3 EXECUTIVE DIRECTOR WARD: Bill Pennington can
4 discuss this specifically, and Jim Miwa, on his staff.
5 MR. PENNINGTON: All right. Mr. Jim Miwa who
6 is the contract manager will make a brief presentation on
7 the proposed contract.
8 MR. MIWA: Okay. I'd like to summarize briefly
9 the need for the contract, and the products the Commission
10 will be receiving from this contract.
11 One, the need for the contract would ensure a
12 uniform application of new residential building standards
13 by the building industry, and also, the contract should
14 reduce the level of confusion that exists as far as
15 complying with the building standards and acquiring building
16 permits by the builders.
17 Finally, the contract should clarify many of the
18 changes that have occurred subsequent to implementation of
19 the standards in June 15th of 1982, due to rulemaking
20 procedures, and technical changes to the standards. Also,
21 there has been legislation passed, Assembly Bill 163, that
22 had added additional packages to the standards, also
23 additional methods of complying with those standards, such
24 as fleet averaging and the alternative budget method.
25 That briefly is the need for the contract. As far

BARON ERASABLE BOND

the products we wish to be -- the Commission will be receiving, aside from the actual training of the building officials by CALBO, we will be getting a standardized curriculum package which all the building departments should be able to utilize in training their staff. That standardized package would also be available to other building industry members, like the California Council, American Institute of Architects, SMACNA, so that package would be available to those groups.

Also, we hope to work with the International Conference of Building Officials through CALBO, and have most of this material available to their members at the local level. Also to work with them to publish this information, and have them institute training and testing of their members on these energy regulations.

CHAIRMAN IMBRECHT: Okay, thank you. Are there questions from members of the Commission? This is on Item 2, the CALBO contract and training. Questions?

COMMISSIONER COMMONS: Yes.

CHAIRMAN IMBRECHT: Commissioner Commons?

COMMISSIONER COMMONS: When we did the training conferences before, we had specified a certain number of seminars, and a certain number of people attending. Did they achieve that result?

MR. MIWA: Yes.

1 COMMISSIONER COMMONS: Did we have a similar
2 provision in this contract?
3 MR. MIWA: Yes, there are a minimum number of
4 training seminars that would be required.
5 COMMISSIONER COMMONS: All right. In the Phase II,
6 it shows that there were 44 seminars, and 1,391 participants.
7 Well, on this one, it appears on the implementation you're
8 talking about only 10 one day seminars, and 350 people
9 attending.
10 MR. MIWA: Yes.
11 COMMISSIONER COMMONS: Why such a major reduction,
12 and why is the cost so high in relationship to such a 75
13 percent curtailment in terms of scope of work, or number
14 of seminars?
15 MR. PENNINGTON: There is a fairly different
16 agenda for this training than there was for previous
17 training. Previously we had contracts on the order of
18 $100,000 or more to provide a large number of centralized
19 training presentations around the state in which building
20 officials would come to participate.
21 This follow-up training on revisions that have
22 been made to the standards, on AB 163 requirements, has
23 substantially less resources associated with it than
24 previously, and we expect to have, therefore, fewer of
25 those centralized training presentations made.

1 However, in addition to those central presentations
2 that we will have at 14 different locations, or 10 different
3 locations, we are producing through this contract a
4 standardized curriculum that can make the training be
5 offered through a decentralized approach. These curriculum
6 materials can be provided to local chapters of ICBO,
7 local building departments, and they can be used by those
8 organizations to provide on the spot training of these
9 kinds of revisions for their staff.
10 We'd also expect that resulting from this, that
11 other building industry organizations will be able to use
12 those same materials. So we're taking a different cut at
13 it, and we think that this is going to be a more effective
14 approach than we've used before.
15 COMMISSIONER COMMONS: Well, the first phase
16 involved education on a major, major change in terms of
17 how we are -- how the building standards are in the State
18 of California. These changes are relatively simple
19 compared to that which had been done before, and yet we
20 have a rather sizeable sum of monies, and training
21 seminars which only reach about 25 percent of the people
22 that we reached the first time, and I don't know what
23 percent of building officials that first group represented.
24 Is this something that we could not put in
25 writing and send out to people in terms of what those

1 changes are, and why 350 out of 1,400 which has been a
2 smaller segment of the population, I'm just not sure here.
3 COMMISSIONER SCHWEICKART: Commissioner Commons,
4 I wonder if I could try and interject here. The Commission
5 staff has been working with the Committee for quite some
6 time. We have been encouraging them to move more toward
7 training which can be replicated without continual high
8 level involvement by the Commission.
9 As a result, this contract has moved in that
10 direction to provide these standardized training materials
11 so that we get more bang for the buck. Now, the staff may
12 have been slightly derelict in not including in addition
13 to the 350 people who will be directly trained, perhaps
14 20,000 who will be indirectly trained through the use of
15 these materials.
16 But then we might argue over whether it's 20,000,
17 or 40,000, or 10,000. I think the point is that we are
18 encouraging here, through this contract, the development
19 of materials which can find less, let me say Commission
20 labor intensive at least, and perhaps even CALBO labor
21 intensive training available in the field for people who
22 are actually dealing with builders.
23 While certainly it's up for review, I want to
24 simply state that the staff is being responsive here to the
25 direction from the Committee in moving in this direction,

which ought to be far more cost-effective.

COMMISSIONER COMMONS: Well, that's the direction I'd like to see them go, and if there had been no seminars, or very few, I would like it probably even more so, and I'd wanted to have an understanding of why we had gone from 1,400 to 350, and you've clarified that, and I think that's good. I support that move.

COMMISSIONER SCHWEICKART: Mr. Chairman, I would like to move the contract, unless there are --

CHAIRMAN IMBRECHT: Moved by Commissioner Schweickart, and seconded by Commissioner --

COMMISSIONER CROWLEY: Second.

CHAIRMAN IMBRECHT: Crowley, excuse me. Commissioner Gandara, do you have some questions you want to raise?

COMMISSIONER GANDARA: I only had one question, the rate for the principal consultant, how is that determined, $41.25 an hour, by my estimate, that's about $76,000 a year.

MR. PENNINGTON: What page are you looking at?

COMMISSIONER GANDARA: I'm looking at Exhibit C, budget, under personnel.

MR. PENNINGTON: I'm not sure what your question is, Commissioner.

COMMISSIONER GANDARA: Is that a reasonable

1 consulting rate? I mean, when I used to work at Rand, we
2 didn't pay Henry Kissinger that much.
3 MR. PENNINGTON: Well, I don't know. From my
4 experience, that's a fairly competitive rate for a
5 principal, that $41.00 per hour. I think that the
6 Commission has approved a lot of contracts where the rate
7 has been substantially higher than that.
8 EXECUTIVE DIRECTOR WARD: In fact, I might
9 mention the LBL contract, with overhead, is one example
10 where I would say it was, if not $41.00, very close.
11 CHAIRMAN IMBRECHT: But this doesn't include
12 overhead, does it, that's just straight hourly --
13 MR. PENNINGTON: Yes, that's correct.
14 CHAIRMAN IMBRECHT: Overhead is reflected
15 elsewhere in this contract.
16 EXECUTIVE DIRECTOR WARD: Okay, aside --
17 CHAIRMAN IMBRECHT: Actually, this issue is
18 going to -- Commissioner Gandara just called this to my
19 attention, it gets raised in Item No. 4 as well, frankly.
20 I'm kind of curious why our -- without -- Item 4,
21 associate consultants make $28 an hour. Here they make
22 $21 and $25, is there some reason for that?
23 (Pause -- whispered discussions.)
T.3 24 MR. PENNINGTON: I believe that that difference
25 reflects the salaries of the individuals that are involved

1 in the two aspects of work.

2 CHAIRMAN IMBRECHT: Just so I understand, the

3 principal consultant is the person that would be overseeing

4 this entire operation, but not devoting full time to it?

5 MR. PENNINGTON: That's correct.

6 CHAIRMAN IMBRECHT: Whereas the associates in

7 effect do -- one of them devotes full time, I guess. Well,

8 Commissioner Gandara, do you want to pursue it or not?

9 COMMISSIONER GANDARA: Well, I'd like for the

10 Executive Office to perhaps review what our policies are

11 with respect to the consultant wages, or rates that we

12 set, you know, what have they been, you know, from highs

13 to lows, what do they average, you know, what's competitive,

14 what seems to be the norm for other agencies, and is there

15 some reason why we should be outside the norm.

16 CHAIRMAN IMBRECHT: If, indeed, we are.

17 COMMISSIONER GANDARA: If we are. I am aware

18 at least I believe that there may be some ceilings on some

19 other agencies. I don't know if that's true or not, but

20 I've been given that information. So, I don't think we're

21 going to answer all those questions here today, and I don't

22 know whether this is reasonable, or unreasonable, but it

23 does seem to me to be at the very high end, and you know,

24 given that we are getting what we think it's worth, I think

25 we ought to kind of review where we are on this.

1 EXECUTIVE DIRECTOR WARD: I understand that
2 probably the best that we could do today would be to come
3 back at some point in the afternoon and give you some other
4 examples, but --
5 CHAIRMAN IMBRECHT: I don't think we're asking
6 for that. My intention would be to go ahead and approve
7 this, and look at that as a prospective responsibility for
8 you.
9 EXECUTIVE DIRECTOR WARD: Okay. I think that's
10 a good recommendation.
11 CHAIRMAN IMBRECHT: Okay, is there objection to
12 a unanimous roll call?
13 COMMISSIONER COMMONS: This is on Item 2?
14 CHAIRMAN IMBRECHT: Item 2, that's correct.
15 Hearing none, ayes five, noes none, the contract is approved.
16 Item 4 is a contract for the information and
17 telephone system on the residential standards. It's for
18 $20,000, I think that to some extent the same considerations
19 are at issue. I would just direct your attention to
20 Exhibit B-1 -- I think it's B-1, yes, and I'm just kind of
21 curious, are the associate consultants, are those the
22 people that answer the telephone calls? That's an annual
23 compensation of nearly $44,000 to provide advice. That
24 does strike me as something that we perhaps want to at
25 least look at in the context of how best to handle these

1 responsibilities.

2 MR. PENNINGTON: Perhaps these salaries include

3 fringe benefits.

4 COMMISSIONER SCHWEICKART: Mr. Chairman, I must

5 say I'm a bit disturbed here when I start working through

6 the arithmetic as well. I've looked at an associate

7 consultant in Task 6 of the previous contract with 390

8 hours, and the $10,920 which comes out in my -- 52 weeks,

9 40 hours a week at $86,000 annual salary.

10 Now, I'd also like to know whether we're dealing

11 here with some overhead issues, or if in fact we're talking

12 about hourly salary rates, because it does seem -- although

13 that's rather high for a principal consultant, the associate

14 consultant seems to be outearning his or her boss.

15 CHAIRMAN IMBRECHT: Mr. Connerly?

16 MR. CONNERLY: Mr. Chairman, Ward Connerly,

17 members of the Commission. Hourly rates don't mean an

18 awful lot in the consulting business. You have principal

19 consultants at $41.25 an hour. I guarantee you when you

20 check the market you're going to find that principal

21 consultants in Sacramento, not to mention the Bay Area and

22 Los Angeles, are commanding $55 an hour and up.

23 Our associate consultants, in one proposal, we're

24 talking about the faculty, these are the technical people

25 that are going to actually do the training. We call them

1 associate consultants because your state administrative
2 manual does not have positions that are comparable to that.
3 So we use our job descriptions for that.
4 Our hourly rate includes our overhead, it includes
5 our cost of boning up for purposes of your contracts, it
6 includes everything. I am just astounded that you are not
7 that familiar with what the costs are out of the market-
8 place. I urge you to go out and look at what the costs are.
9 Also, you should not say that there are 176 hours
10 in the week, in the month, and times the billable rate,
11 that person is earning $75,000 an hour (sic). I would love to
12 think that all of our hours are billable. But the fact is
13 that they are not. There are many hours that are spent
14 submitting proposals in response to your requests for
15 proposals, we don't bill for that. Those are not billable
16 hours.
17 It just does not follow that you can simply sit
18 there and take those hours times the number of hours in the
19 day, and say that's the salary. It's not. Our overhead
20 is built in, our fringe benefits, parking, the whole ball
21 of wax.
22 CHAIRMAN IMBRECHT: Well, I accept the first part
23 of your explanation very well, because I, having been
24 familiar with some -- in law firms, you obviously can't --
25 it's difficult to bill 40 hours a week, you've really got

1 to be an automan to get that accomplished. But I thought
2 these contracts did include overhead in separate categories
3 associated with providing these services.
4 MR. CONNERLY: It's my understanding that these
5 contracts do not include overhead as separate categories.
6 We have expenses for overhead which would be if we're
7 renting a room in Santa Rosa for a seminar, that is not
8 our overhead, that is the cost of putting on the seminar,
9 but we don't charge you for office rental of our office.
10 CHAIRMAN IMBRECHT: I see. The hour charges do
11 reflect your fringe benefits, and that type of thing?
12 MR. CONNERLY: Yes, yes.
13 CHAIRMAN IMBRECHT: Okay.
14 COMMISSIONER SCHWEICKART: I think it is -- it
15 would be helpful, as Mr. Connerly has suggested, if we
16 were to be informed by the staff on a survey of representative
17 consultant costs, because in particular, where we are
18 confronted with sole source contracts, I think it's very
19 important that we ensure that those sole source contracts
20 are, in fact, not out of line, otherwise we find ourselves
21 in the fairly tender trap of providing, let me say, an
22 incentive beyond the particular talents or skills of a
23 given institution, and move more into preferred rate --
24 salary rates, and that sort of thing.
25 EXECUTIVE DIRECTOR WARD: I concur with --

1 COMMISSIONER SCHWEICKART: So I think that would
2 be very helpful in informing the Commission in the future.
3 CHAIRMAN IMBRECHT: I agree with that. Commissioner
4 Commons?
5 COMMISSIONER COMMONS: Yes. I think one of the
6 problems is on Item 2, which we just passed, the associate,
7 where they show $21, I think there is an error there, and
8 that should be $28, because they have 1,002 hours, and it
9 comes out to $28,000, and that's causing quite a discrepancy.
10 MR. CONNERLY: You're right, that is $28, it
11 should not be $21.
12 CHAIRMAN IMBRECHT: So then it's consistent with
13 the consultant --
14 COMMISSIONER COMMONS: The two are consistent.
15 CHAIRMAN IMBRECHT: That was another thing that
16 raised some question in my mind. I have to say that on
17 the surface, it would appear to me to take a better trained
18 individual to present a seminar than necessarily to
19 answer any questions as a result of telephone inquiries.
20 MR. CONNERLY: I didn't see the $21, it is $28,
21 that's our schedule of fees, and we would be happy to show
22 that to you. I might also add that the schedule of fees
23 which we give the Commission is less than our schedule of
24 fees for private clients. Our principal is $45, not $41.25,
25 but we have kept that same schedule of fees that we have

given you from the beginning of time, and we've not changed it.

COMMISSIONER GANDARA: I still think it would be worthwhile if you did what the Commission requested earlier.

EXECUTIVE DIRECTOR WARD: I appreciate the request --

CHAIRMAN IMBRECHT: That's understood.

COMMISSIONER GANDARA: There are principals, and there are principals, and you know, it's helpful to clarify whether these are burdened or unburdened rates.

CHAIRMAN IMBRECHT: Okay.

COMMISSIONER SCHWEICKART: However, let me indicate here, because you call attention to the 28, I don't know if we have an arithmatic error here on -- I'm on page C-3 of Item 2 so that people can refer to it, but I'll do it again here, but unless I miss my guess, $10,920, divided by 390 hours -- oh, I'm sorry, that is exactly 28. I apologize, I had made a mistake earlier then.

All right, that is consistent with the 28.

CHAIRMAN IMBRECHT: Okay. Moved by Commissioner Schweickart, seconded by Commissioner Commons, we approve Item No. 4. Does anyone wish to be heard on this matter?

COMMISSIONER SCHWEICKART: Mr. Chairman, I would like to bring up an additional matter under this same item.

CHAIRMAN IMBRECHT: Let me take the vote on this

1 same item.

2 CHAIRMAN IMBRECHT: Let me take a vote on this

3 contract first, and then we'll get to it.

4 COMMISSIONER SCHWEICKART: Oh, sorry.

5 CHAIRMAN IMBRECHT: Okay. Is there objection to

6 a unanimous roll call? Hearing none, ayes 5, noes none,

7 the contract is approved. Commissioner Schweickart on

8 this same agenda item.

9 COMMISSIONER SCHWEICKART: All right, I hope that

10 in everyone's binder, in Item 4, there is a resolution

11 which again in consultation with staff was developed to

12 recognize the efforts of the Construction Industry

13 Advancement Fund in supporting the -- informing of the

14 industry, our hotline, and other activities, largely,

15 although not entirely on their own expense, and this

16 resolution has been prepared to formally recognize the

17 conscientious and relatively extensive efforts of CIAF in

18 working with builders and others throughout California in

19 bringing out the information on the new standards as we've

20 gone into this current construction cycle.

21 So, I would like to move that resolution for

22 the Commission.

23 CHAIRMAN IMBRECHT: Moved by Commissioner

24 Schweickart, seconded by Commissioner Commons. I don't

25 believe there's any, or should be any opposition to this

1 measure. Does anyone wish to be heard on the resolution?
2 MR. WATT: My name is John Watt, and I'm a member
3 of the Board of CIAF, here today to thank you for this
4 resolution, to let you know that we remain anxious to
5 cooperate in any way that we may for the mutual benefit of
6 consumer and the industry, thank you gentlemen and ladies.
7 CHAIRMAN IMBRECHT: Thank you very much, and
8 without objection, the unanimous roll call adopting the
9 resolution. If I may indicate to you sir, that we will
10 have this resolution suitably prepared for you and presented
11 at a later date, thank you.
12 MR. WATT: Thank you.
13 MR. PENNINGTON: Thank you.
14 CHAIRMAN IMBRECHT: Turning now to Item No. 5,
15 Commission consideration and possible approval of realloca-
16 tion of up to $456,730 in Energy Bank Funds. Mr. Ward?
17 EXECUTIVE DIRECTOR WARD: Karen Griffin is
18 here from the Conservation Division to explain the item.
19 There were some problems with an existing recipient, and
20 we'd like to reallocate the money under the same vein of
21 its intention.
22 MS. GRIFFIN: As you remember, the Energy Bank is
23 a federal program where we get money which we then pass
24 through to local governments, utilities or other financial
25 institutions to provide inter-subsidies, or partial grants

1 to low and moderate income individuals to install residential
2 conservation measures in their house. We have a cooperative
3 agreement with HUD which specifies to whom we may allocate
4 the money each year, and sets up all the regulations under
5 which the program is operated.
6 We have found that some of our recipients which
7 you have previously approved cannot spend their money in
8 time. If they do not spend the money in time, the money
9 simply reverts to HUD to be reallocated to another state.
10 So, when we found that we had that situation, and in
11 particularly, the City of Santa Ana which at the last
12 minute refused its entire grant, we were in a position of
13 having to go back to all of the communities, all of the
14 eligible recipients, ask them if they could augment their
15 program in a cost-effective fashion, and spend the money
16 under the HUD rules, or under the HUD guidelines.
17 As you see in your agenda package, there were a
18 number of groups which indicated that they did need to
19 return funds, this was all voluntary in terms of returning
20 funds. They identify what they can't spend under the HUD
21 rules, and the only eligible recipient who indicated that
22 they could expand their program in a cost-effective fashion
23 was the Southern California Edison program for improving --
24 well, for replacing central air conditioners, and wall air
25 conditioners with high efficient air conditioners or with

1 evaporative coolers.

2 If this project -- if this augmentation had been
3 part of the original ranking procedure, it would have ranked
4 high enough to be awarded by the Commission. It is a cost-
5 effective application. It will continue to meet the
6 HUD requirements, and mean that we complete our requirements
7 and will be in a position to receive what HUD calls merit
8 funds for having spent our original allocation in time.

9 Because it is -- it is the only eligible project,
10 and it is cost-effective, we ask that you do approve this
11 reallocation. I'd be glad to answer any questions you
12 might have. This has been presented to the Committee.

13 CHAIRMAN IMBRECHT: Questions or comments?
14 Commissioner Commons?

15 COMMISSIONER COMMONS: Yes.

16 CHAIRMAN IMBRECHT: You've got a perfect batting
17 record so far.

18 COMMISSIONER COMMONS: This is an area where in
19 much of the Southern California Edison territory, it's
20 very, very hot, and low income people, actually, when you
21 look at their need for air conditioning, it's really part
22 of just being able to live in parts of the territory.

23 It has benefits not only in terms of energy
24 savings, but in terms of load management, and I've met
25 with some of the dealers and distributors of air conditioning

in the Edison area, and this has been one of the most effective ways of trying to replace some of the older inefficient ones, and there's enormous savings to the low income people by having the more efficient appliances, and I'm very happy to see this reallocation.

CHAIRMAN IMBRECHT: I'll take that as a motion, Commissioner Commons moves, is there a second? Seconded by Commissioner Schweickart. Does anyone which to be heard on this item? Is there objection to a unanimous roll call? Hearing none, ayes 5, noes none, the reallocation is approved.

Item No. 6 is the consideration and possible approval of allocation of $361,000 in the PVEA rental sector program for obligation within the current fiscal year. Ms. Griffin.

EXECUTIVE DIRECTOR WARD: Yeah, Mr. Chairman, this is part of the additional PVEA allocation that we had received as a result of the Department of Finance being given an indication of some of the capital outlay expenditures that were proposed as being disapproved.

MS. GRIFFIN: In the action that you have before you today is a policy decision, the actual allocations to projects involving the tasks and budgets that will be approved will be brought to you individually at a later date.

1 When we received this $361,000 additional dollars
2 on the 1st of March, it was still with the expectation that
3 it be obligated by June 30, within the rental program. So
4 we were looking at what was the best recommendation that we
5 could make that would carry forth the directions of the
6 Commission within the time limits which we were given.
7 We have been receiving very clear direction from
8 the Commission that there should be a special outreach
9 effort to Southern California, an area that has not
10 participated in our rental program up to date. So that was
11 another consideration that we added.
12 We looked at the project proposals that we had
13 received in-house to see if there were Southern California
14 projects which were worthy, which would further the goals
15 of the demonstration, and which could be brought to the
16 Commission and which, frankly, we had the staff to administer,
17 operate within the time period.
18 We just knew we could not come up with any
19 additional innovative projects in terms of totally new
20 ideas. So, we looked over the work plan, and identified
21 that there were, in fact, three areas that we could augment
22 our existing plans with worthy projects in the Southern
23 California area.
24 The first one that we are proposing to add is to
25 add a second public housing tenant rebate demonstration. At

1 the last business meeting, you approved a San Francisco
2 demonstration. We do have in-house a qualified demonstration
3 from Southern California. So we would just like to double
4 the size of the public housing demonstration as part of
5 the overall rental program by adding a Southern California
6 project.
7 In the owners/managers workshop, we had received
8 the applications, and when we received the applications, we
9 discovered that we had undercounted the number of apartment
10 owners that we could reach, and particularly, we had
11 undercounted the number of apartment owners who were reachable
12 in the Los Angeles area.
13 So in essence, we now have a better count of
14 how many workshops are needed to reach all of the eligible
15 applicants. We would like to augment that project by
16 an additional $41,000 in order to provide a complete service
17 to the owners here in the state.
18 For the third, the remaining money, we decided
19 that our highest priority was to have a large financial
20 incentive pool available, since that is really the star
21 project that we are trying to accomplish this year in
22 terms of motivating third party financing in the private
23 sector.
24 So we would like to put the remaining $40,000 into
25 that project. As I said, this item has been brought to the

1 Loans and Grants, and Economic Impact Committee as well,
2 and I'd be happy to answer any questions you might have.
3 CHAIRMAN IMBRECHT: Commissioner Commons?
4 COMMISSIONER COMMONS: Mr. Chairman, on the
5 Southern California proposals, I'm glad to hear that they
6 are quality. The only problem I have is I haven't seen
7 them, so I have no way of making an appraisal at this
8 time as to their nature. I don't know what stage they
9 have reached in their evaluation.
10 I assume what we're doing here is, we're not at
11 this time approving or evaluating these proposals, this
12 is just the staff feels they are good proposals, is that
13 correct?
14 CHAIRMAN IMBRECHT: That's correct. What we
15 are doing, as I understand it, is we are in effect
16 authorizing allocation of the new dollars to these
17 individual program accounts, and in turn, staff will then
18 bring to the Commission subsequent proposals for us to
19 approve specifics on these projects.
20 MS. GRIFFIN: That's correct.
21 COMMISSIONER COMMONS: Now, in the -- what
22 outreach has the Commission staff had in terms of talking
23 with tenant groups, renter groups, consumer groups, people
24 are concerned in terms of the allocation of these monies,
25 and that represent the other side of the coin, from the

1 landlords?

2 MS. GRIFFIN: The Office of Economic Opportunity
3 set up a special task force to try to coordinate the
4 low income energy program of the Energy Commission, the
5 utilities, the Energy Extension Service, and OEO, that is
6 composed of both state agency representatives, and about a
7 dozen low income representatives from various projects
8 throughout the state.

9 Under Mr. Ward's direction, I sit on that task
10 force for the Commission and have been meeting with them
11 now for five months, going over our projects, and getting
12 input. This includes representatives from La Cooperativa,
13 from TURN, from Indian Tribal Council, a couple of
14 Southern California community action agency/operators, the
15 specific names are slipping my mind, but that is the main
16 vehicle that we have used in discussing our projects.

17 It meets once a week for a whole day to go over
18 low income projects.

19 COMMISSIONER COMMONS: Well, my concern on the
20 augmentation on the $41,000 for owner/manager workshops is
21 originally you had come before us and said you needed
22 $68,000 for those workshops, and I accepted that number.
23 Now, if we were to augment by $41,000, that would mean that
24 we actually needed more than you had initially expressed.

25 I would think that we should also at this time

1 take into consideration getting an understanding of tenant
2 needs, and the other side of the coin in terms of having
3 workshops for some of these organizations or groups, so
4 that we make sure that the funds are reaching as far as
5 the tenants are concerned, in a cost-effective manner to
6 the low income people, and that a portion of that additional
7 $41,000 be allocated to work with these groups, and with
8 the tenants.
9 MS. GRIFFIN: If you desire to have some tenant
10 projects, I would ask that the money be taken out of the
11 financial incentive increase rather than the owner/manager
12 workshops. As I indicated, in the owner/manager workshops,
13 we discovered in the process of the RFP process that we
14 had undercounted the number of groups.
15 If you remember, the specific direction of this
16 entire project from the Legislature is that it be to
17 encourage third party financing in the rental sector.
18 Clearly, the person who is going to organize the third
19 party financing is the owner or manager, and we are using
20 the workshops as a vehicle for both education about the
21 opportunities for third party financing, and also to
22 announce to them financing assistance that's available from
23 the state tax credit, from the utilities, and also from
24 our own projects.
25 So we really believe that we need that amount of

1 money to reach all of the major apartment owners here in
2 the state.
3 CHAIRMAN IMBRECHT: One other thing that should
4 be mentioned, Commissioner Commons, is that that allocation
5 or that recommendation of $68,000 was in the context of a
6 lower total funding available for our rental sector
7 programs, and I'm sure represented to some extent, an
8 accommodation or balancing of a variety of needs within
9 that existing pool of money.
10 When we received additional funds that were
11 unanticipated, that allows, obviously, some flexibility
12 for expansion. I would just like to suggest as well that
13 you might consider utilizing Commissioner Commons and
14 other members to assist in some of that outreach with some
15 of these groups. I know they have active public meetings in
16 the Los Angeles area, and it might be something where using
17 his good office, he's in a position to try to publicize
18 this better too.
19 COMMISSIONER COMMONS: Well, I have no problem
20 with not taking it from that $41,000. I'm very supportive
21 of I think what the Commission's position was in terms of
22 working in the Los Angeles area, and if we feel we need
23 that. This recommendation is not coming from me, this is
24 coming from people who have come and bent my ear, and are
25 very concerned, and as part of the evaluation process that

1 we're going through in terms of the use of these funds in
2 an appropriate fashion.
3 After talking with staff yesterday, I don't feel
4 we're getting sufficient of that input and involvement, and
5 I do appreciate the fact that there is one representative
6 who meets once a week from the various organizations with
7 you, but that's covering a very large, many proposals,
8 multi-agency, and it has not been the involvement or the
9 participation here.
10 It's also not getting down to the level in terms
11 of the people that are involved, and what we've done is
12 we've really put all of our funds onto the landlord side
13 where I think the bulk of it properly ought to be. But
14 we haven't set aside any money to work with tenant groups
15 and trying to get their understanding and response to some
16 of the proposals that we're working with.
17 If we were to take $10,000 where you're saying,
18 from the incentive side for that purpose, rather than from
19 the number one, or some sum of money, and I'm just concerned
20 that we are exposed in this area, and the complaint has
21 been made to me, and that's all I'm trying to raise.
22 COMMISSIONER SCHWEICKART: Mr. Chairman, I --
23 CHAIRMAN IMBRECHT: Commissioner Gandara I think
24 wanted to be recognized first, I'm sorry, and then I'll --
25 COMMISSIONER GANDARA: Just a short note. I just

1 wanted to mention, another avenue is that as you recall,
2 when the Commission approved the resolution creating the
3 Advisory Committee, the working group, it did also direct
4 that there be a mailing list made up of recipients, and
5 potential -- past recipients, potential recipients, and
6 I believe the Public Adviser is working with the staff on
7 that.
8 So it could be that the groups that you are
9 meeting with, and any other groups that might come into
10 your office, or whatever, that it would be a useful thing
11 to make sure that they get in contact, and be put on that
12 mailing list, so at least they get notices of the development
13 of the process, and -- well, we're talking about direct
14 funds right now, and I agree with your sentiments, that
15 I think that this kind of activity also requires that
16 people be in the pipeline substantially ahead of time
17 before the actual allocations are made.
18 COMMISSIONER COMMONS: But the problem is, if I
19 am poor, or not poor, and I am invited to attend a meeting,
20 and I continually attend meetings on lots of areas that
21 affect me, I'm not earning an income, and I'm barely
22 earning an income by working.
23 COMMISSIONER GANDARA: I understand.
24 COMMISSIONER COMMONS: So we haven't solved the
25 problem unless there's funding allocation to allow people to

1 effectively participate.

2 COMMISSIONER GANDARA: They've presented

3 solutions just as another mechanism toward outreach.

4 CHAIRMAN IMBRECHT: I frankly don't think that

5 the people that are actually working in impoverished

6 situations are likely to be participants, but there are

7 many, many organizations that exist today where people are

8 professionally employed to be their advocates, and go

9 through public funding, and other resources as well,

10 charitable contributions as well.

11 I think those would be the people that would be

12 likely to participate, and I'm not sure that we need to

13 subsidize them further in that context.

14 Let me just -- well, Commissioner Schweickart,

15 pardon me, and I'll try to give some direction.

16 COMMISSIONER SCHWEICKART: All right. I'm not

17 quite sure who to direct my question to. It picks up a

18 bit on what I think Commissioner Commons is getting at,

19 but I'm hearing statements from Commissioner Commons, and

20 I'm not hearing questions to the staff.

21 I frankly don't know what's being done in terms

22 of the other half of the dance. I assume it takes both

23 apartment managers and owners and tenants to effectuate

24 the energy savings that we're looking for, and I guess what

25 I'd like to know is how is an effort being made, or what

1 effort is being made to involve the tenant community in
2 this process if, in fact, my assumption is right, that it
3 takes both sides in order to effectuate savings.
4 MS. GRIFFIN: In terms of actually achieving
5 energy savings, of course it requires the participation
6 of the tenants as well as owners. In terms of -- so
7 there's sort of two pieces to your question. One, which
8 is how much is the tenant involved in the construction of
9 a third party financing deal, which is what the Legislature
10 directed us to achieve this year, and obviously, they're
11 not very much affected by the restructuring of the capital
12 financing market, which is what we are trying to do with
13 this overall project.
14 When we were developing the entire project, there
15 was a great deal of concern about is there some way to
16 directly involve tenants, even in something as exotic as
17 energy service corporations, or lease pooling, and the other
18 kinds of financing activities that we're working on.
19 The idea that came up was tenant rebates, that the
20 financing deal be set up so that there'd be a direct payment
21 to the tenant and an education of the tenant as part of the
22 overall flow of funds. As you remember, in the San
23 Francisco project which you approved last time, there was
24 a tenant rebate portion built into that, and in the
25 Southern California one, there is also a tenant rebate

1 education project built into that.

2 What we're hoping to do is to prove out in the

3 public sector that a combination of rebate and education

4 is an effective part of an energy service corporation deal,

5 so that then we can demonstrate to private owners that

6 they should also be doing this kind of activity as well.

7 It has been tested once in Boston, and was very

8 effective there. We were not able to find private owners

9 who were interested in that kind of arrangement. We were

10 able to find public owners, local public housing authorities

11 who were willing to give up a part of their savings in the

12 short-run in order to achieve the longer run savings from

13 operations and maintenance.

14 So that is the main tact that we have taken in

15 the overall program, to test out how do you include a

16 tenant in a third party financing, or energy service

17 corporation.

18 COMMISSIONER COMMONS: But what input have you

19 had from tenant groups, and other groups, in the

20 drafing or putting together of these proposals. Have you

21 met with these organizations? Have you gotten their

22 input? What has been your contact? By you, I'm not

23 referring to you personally, I'm referring to staff.

24 MS. GRIFFIN: I'm trying to remember who we met

25 with back in the summer when we were drafting this. I know

1 that Commissioner Edson did meet with some. I spoke to
2 some of the people on the OEO task force, which again is
3 TURN, La Cooperativa, Cal-NEVA, that kind of activity, and
4 Karen Edson, and Susan Brown also met with people. But I
5 frankly no longer remember exactly who it was. That was
6 in the July through September period when we were drafting
7 the program plans.
8 COMMISSIONER COMMONS: When I was briefed by
9 staff, their comment to me was we've had no contact with
10 these organizations.
11 MS. GRIFFIN: Yes, that's because I was handling
12 it. Remember that the entire staff who worked on this
13 project, with the exception of me, was not involved in the
14 program development. I've had 100 percent turnover in my
15 office, and I was having allergy tests yesterday.
16 COMMISSIONER SCHWEICKART: Mr. Chairman, I think
17 the only -- you pointed out here at the table I think
18 something entirely appropriate, which I think Karen was
19 also referring to in responding to my question. I suppose
20 I should be a bit more specific.
21 It seems to me that, although, as you point out,
22 the tenants are very much involved in number two, that is,
23 the public housing, tenant demonstration project, my sense
24 of the way the world works is that if we're having workshops
25 for owners/managers, and the tenants who live in their

1 apartment buildings and properties are not aware of the
2 opportunities that their landlords have, that there will
3 be less responsiveness on the part of the landlords.
4 So that what I think I'm getting at was really
5 in number one itself, that is, in terms of the owner/
6 manager workshops, to ensure that the other half of the
7 beneficiary pool, namely, the tenants of those very same
8 owners and managers in some sense be informed and involved
9 in the program so that there can be some encouragement from
10 that community.
11 Now, it may be -- there may be overlap here
12 between one and two, but I suspect it's far from being
13 100 percent. I suspect it's almost an accidental overlap.
14 CHAIRMAN IMBRECHT: Let me try this in a
15 resolution. Since we don't have specific projects to
16 approve here, but we're dealing with a policy, I think
17 you've gotten some sense of Commission interest in this,
18 and in the context of what would ultimately be awarded under
19 item one, one of the considerations I think you can
20 discern from this discussion, should be involvement of
21 tenant groups as well.
22 MS. GRIFFIN: And you'll be glad to hear that
23 that's built in.
24 CHAIRMAN IMBRECHT: If that is understood, maybe
25 we can move on this item. Commissioner Commons?

1 COMMISSIONER COMMONS: The one slight comment
2 that I would add is that may mean some augmentation of
3 number one from number three as per your suggestion.
4 CHAIRMAN IMBRECHT: Well, we can always do that
5 at the time that we're allocating funds if that occurs.
6 COMMISSIONER COMMONS: I say may.
7 CHAIRMAN IMBRECHT: All right. I don't see a
8 need to change this right now, myself, I really don't.
9 Okay. Any further comments, anyone else wish
10 to testify on this matter? Moved by Commissioner Crowley,
11 I'll give you a chance, is that acceptable?
12 COMMISSIONER CROWLEY: Yes.
13 CHAIRMAN IMBRECHT: Seconded by Commissioner
14 Gandara, fine, that we approve the recommendation as
15 presented, well, the adoption of staff recommendations on
16 allocation of the additional funds for the PVEA rental
17 sector program with the provisos in the discussion. Is
18 there objection to a unanimous roll call? Hearing none,
19 that will be the order.
20 My intention is to try and run through these
21 other three PVEA items hopefully quickly, and then we will
22 break for executive session, and come back after luncheon
23 recess. Item 7 is consideration and possible adoption of
24 staff recommendations on the Institutional Conservation
25 Program grants in our school and hospital programs.

1 Mr. Bakken, yes.

2 MR. BAKKEN: Yes. As you'll recall in the last
3 business meeting, we had presented a number of grants from
4 the institutional conservation for your approval.
5 Immediately prior to the meeting, we had been notified by
6 the Department of Education that three institutions did
7 not appear to have the need to have hardship funding, so
8 we pulled those three institutions from your considered
9 list, namely, Bear Valley Unified School District, Chaffey
10 Joint Union High School District and Grossmont Union
11 High School District.

12 We have contacted all three of those districts.
13 They are all willing to accept their grant without hardship
14 funding, and we are presenting them to you today for
15 approval.

16 We also withheld at that point Western Medical
17 Center's grant, because they were the last grantee on our
18 ranking list, had the money been pulled from the three
19 school districts for hardship, it would have gone to
20 Western Medical Center.

21 We have notified all of the grantees that were
22 approved last business meeting of the approval, and in
23 order to finish -- complete our paperwork, we had corres-
24 pondence with California State University San Francisco,
25 they were protesting the fact that they had not received

1 hardship money. They did not have funding available to
2 match the grant on a 50 percent basis.
3 We went back and looked through our paperwork,
4 and we had made an omission in the input to the computer
5 where we did not -- they had legitimately applied, we had
6 not put their information into the computer. They rank
7 high enough, they have sufficient hardship criteria met,
8 we have called the Post-Secondary Commission and talked
9 with them about it, they agree they should receive hardship
10 funds.
11 So we would propose that the $46,266 being
12 withdrawn for hardship from the three school districts,
13 be applied to the previously approved grant from CSU San
14 Francisco. So, today, we have the five grants here
15 totalling $291,011 for your approval.
16 CHAIRMAN IMBRECHT: Question. On the CSU issue,
17 did we approve any grants to other CSU institutions?
18 MR. BAKKEN: Yes, we did.
19 CHAIRMAN IMBRECHT: And were they given hardship
20 status?
21 MR. BAKKEN: Yes, they were.
22 CHAIRMAN IMBRECHT: Each of them?
23 MR. BAKKEN: I believe so.
24 CHAIRMAN IMBRECHT: And coincidental to that
25 question -- I mean, I understand how these spending formulas

1 sometimes constrain our ability to focus on reality, but
2 with the Governor proposing a 21 percent increase, as I
3 recall, in general fund support for the CSU system for the
4 coming fiscal year, it -- I find it difficult to view the
5 CSU system as a hardship entity within state government.
6 That also reflects some familiarity with some of these
7 budget issues, my past involvements of.
8 MR. BAKKEN: That money is earmarked for operating
9 expenses. These projects are titled capital expenditures
10 and the money cannot be used for this type of a project,
11 capital outlay project.
12 CHAIRMAN IMBRECHT: I understand. I believe
13 that there was some substantial augmentations for capital
14 expenditures for both the UC and the CSU system, included
15 in the Governor's budget as well.
16 MR. BAKKEN: Well, after checking with the Post-
17 Secondary Commission and checking with the state university
18 system, I haven't found it. The one thing that I have
19 seen that's in --
20 CHAIRMAN IMBRECHT: All right, I'll go with you
21 this time, but I --
22 MR. BAKKEN: The one thing that I've seen in the
23 budget --
24 (Laughter)
25 MR. BAKKEN: Well, there's one thing in the next

1 year's budget that's still there. There's a $500,000 fund
2 to be used to match grants available in the next calendar
3 year. That is not -- I mean fiscal year. That is not
4 strictly for the CSU system, that will be available to
5 all the institutions, all the state institutions to draw
6 from, so they will have in the future the ability to come
7 up with funds on a matching basis.
8 CHAIRMAN IMBRECHT: That's about all I'll say.
9 First, I think we should treat all CSU institutions on an
10 even or equal basis, and to the extent that we've done that
11 in other cases at the last business meeting, then I think
12 that largely constrains our flexibility here.
13 In the future, I'm going to look very carefully
14 at state institutions getting that status when I think most
15 of us recognize, even with the augmentations to K-12
16 funding support that have been made in the last year, that
17 there are many school districts that are in woefully worse
18 shape financially than the two institutions of higher
19 education in California.
20 Commissioner Schweickart?
21 COMMISSIONER SCHWEICKART: Mr. Chairman, the
22 difficulty in this sort of thing is that we're dealing with
23 a proposed Governor's budget, and I would suggest that since
24 we're in a somewhat of a Gaston and Alphonse number here
25 that we frankly have to deal with it on a straight up basis.

1 The Governor's budget may or may not be passed, and I
2 would hope that the Legislature in deliberating on the CSU
3 budget includes in their deliberations, with whatever
4 weighting factor they consider to be appropriate, capital
5 support from other programs such as this.
6 CHAIRMAN IMBRECHT: Yeah, that's a good point.
7 COMMISSIONER SCHWEICKART: Therefore, I think we
8 deal with it sequentially, and we go ahead, and it --
9 CHAIRMAN IMBRECHT: That's a good point. Let me
10 suggest this, and see if there's any objection from members
T.4 11 of the Commission. Mr. Ward, I think I'm going to direct
12 you to prepare a letter to go to the Chair and Vice Chair
13 of the Fiscal Committees and to the Director of Finance
14 indicating what level of support is being provided to
15 state institutions through these programs as just a matter
16 of information to them.
17 I think that it may have slipped through the
18 cracks would be my guess. I don't think there's anything
19 inappropriate in that. We're not taking a position
20 advocating more or less funding, but simply saying this is
21 relevant information they should take into consideration.
22 EXECUTIVE DIRECTOR WARD: I understand, fine.
23 I might mention aside, putting the CSU system aside for a
24 second, you had raised the question about how we were
25 actually soliciting hardship cases, and the procedures that

1 the Conservation Division was using to determine hardship,
2 and so I suggested that the division contact a leg analyst,
3 consultants and fiscal committees in the Legislature and
4 also the Department of Education and their suggestions
5 turned out to be equal to the -- or identical to the program
6 that we have in place for determining hardship.
7 So we didn't learn anything new.
8 CHAIRMAN IMBRECHT: Commissioner Gandara?
9 COMMISSIONER GANDARA: Yeah. On that matter,
10 I mentioned that staff did brief the Committee last meeting
11 on the hardship criteria, and the Committee does have some
12 concerns about the criteria. We will be reviewing it
13 for Cycle 7. But as Mr. Ward indicated, it's sort of a
14 situation where there's been kind of common agreement as
15 to what hardship is, although -- I won't bore you with
16 details now, but there are some odd things that these
17 ratios do play.
18 On a previous matter, I have no objection to
19 forwarding the -- you know, the announcement of the awards,
20 in fact, we could do that now, and so I'd be glad to do
21 that as part of our normal process that we'd set up.
22 But I would note, that in a sense, we also -- I'm
23 concerned that the recognition or reduction of a university
24 budget as a result of these grants I'm afraid might lead
25 to these projects not being undertaken, that I think that

1 in many institutions the conservation is much lower
2 priority than other educational needs that they might have.
3 So I only note that, that that might be a
4 possible concern, that many institutions prefer to receive
5 their funding such as we do, as unconstrained as possible,
6 so given a choice between unconstrained funding, and one
7 which is directed at a specific project, they may turn
8 that one down, such as we've turned down some federal
9 funding because it was too constrained.
10 EXECUTIVE DIRECTOR WARD: I might further add
11 that I testified in front of a joint hearing of the Senate
12 Finance and the Assembly Ways and Means Committee chaired
13 by Senator Alquist and Assemblyman Vasconcellos three or
14 four months ago, discussing benefit sharing for conservation
15 programs. So they are certainly aware of the issue, and
16 very interested in the issue.
17 CHAIRMAN IMBRECHT: Okay. Moved by Commissioner
18 Gandara, seconded by Commissioner Crowley, is there
19 objection to a unanimous roll call? Hearing none, that
20 will be the order, ayes 5, noes none.
21 Item 8, consideration and possible approval of
22 $109,000 in grants from PVEA Account Program for apartment
23 owners, et cetera.
24 EXECUTIVE DIRECTOR WARD: Yes, Mr. Alvarez from
25 the Conservation Division can outline the PVEA grant.

1 MR. ALVAREZ: On August 10th, 1983, the Energy
2 Commission approved a program plan to encourage third
3 party financing for energy conservation in California's
4 residential rental sector. One project in that plan is
5 a project titled "Selling Energy Efficiency to Multi-
6 Family Apartment Owners."
7 The project is intended to develop and conduct
8 the following activities: At a minimum, 25 workshops
9 statewide, with the intent of training 1,250 persons. The
10 training will consist of training on energy conservation,
11 financing opportunities, and a presentation of case studies
12 and experience with energy conservation in apartment
13 buildings.
14 The second area that we will concentrate on is
15 research and development in the preparation of industry
16 publications for publishing in industry and trade magazines,
17 principally for the promotion of energy conservation, and
18 the explanation of the need for the rental sector to
19 participate in energy conservation and case studies with
20 respect to financing of conservation measures in apartment
21 buildings.
22 The third area that we will concentrate on in
23 this program is a development of a comprehensive registry
24 of financing companies involved in third party financing
25 in the rental sector.

1 Because of the fragmented nature of the rental
2 industry, and the complexities of carrying out a statewide
3 program, the staff is recommending a three part project.
4 After reviewing the 16 proposals received, the staff felt
5 that a three part project would provide a much stronger
6 program than a single applicant offered.
7 It is for this reason that the staff is
8 recommending the following groups and awards. The
9 California Apartment Association at $33,000. The Southern
10 California Association of Governments at $33,000, and
11 Connerly and Associates at $43,000. The total award will
12 amount to $109,000.
13 I should mention that even though we are
14 recommending three recipients, this project is actually a
15 project of the California Energy Commission, and in fact,
16 will be serving as its lead sponsor, and that each of the
17 participants will be managed to ensure that the program
18 objectives are met.
19 With that I will answer any questions, and I
20 respectfully request approval.
21 CHAIRMAN IMBRECHT: Commissioner Commons?
22 COMMISSIONER COMMONS: Yes. Mr. Alvarez, in the
23 RFP, were the proposed bidders, did they have notice that
24 we may award this contract in three parts?
25 MR. ALVAREZ: We were silent on that particular

1 aspect in the request for proposal. It was basically left
2 open whether we would give one grant or three grants, we
3 weren't specified whether we would give one, so in essence,
4 we were quiet on that issue.
5 When we reviewed the proposals, the individual
6 proposals, and we were basically juggling each of the
7 recipients, we found strengths and weaknesses in each of
8 the applicants, and when the Department of Finance
9 recommended the reallocation, and we were aware of that
10 fund becoming available, the suggestion was made at the
11 staff level, perhaps we could combine a number of applicants,
12 and in fact reach larger people in the state, and a larger
13 program area in the state.
14 Basically it was a staff recommendation to
15 consolidate the three proposals.
16 COMMISSIONER COMMONS: Well, I can understand what
17 the staff recommendation, and my concern here is if I had
18 been a potential applicant bidding on this contract, from
19 the program notice to what we have before us, there have
20 been two major changes.
21 First of all, the amount of the grant has gone
22 from $68,000 to $109,000 and in looking at the proposals,
23 or in submitting a proposal for $68,000, I may have
24 declined to bid on this job, because I did not feel I could
25 have adequately done the job as being proposed.

1 It appears to me that the change in the scope of
2 work, and the fact that one could have bid on a portion of
3 the job rather than all of the job, substantially changes
4 who may have bid on the project and how they would have bid,
5 and that even though it looks like we've selected three
6 good segments of it, there may have been even better
7 qualified people who would have participated if they had
8 one, known that the funding was going to be 50 percent
9 greater, and second, they would have known that they could
10 have bid on a part of the job rather than all of the job.
11 MS. GRIFFIN: I would say that in the proposal
12 we put in that if we received worthy proposals which
13 needed further negotiations to bring to completion that we
14 reserved the right to negotiate, and that language is
15 generally an indicator, commonly accepted in the contracting
16 community that we're not going to take what is proposed
17 as the best and final, that there will be negotiations.
18 So, all of them knew that there was the potential
19 for negotiations, and obviously, of the proposals that we
20 have today, they each came and bid in at -- I think it's
21 $68,000 isn't it?
22 MR. ALVAREZ: Right.
23 MS. GRIFFIN: They bid the entire sum, but when
24 we went through the negotiation process, each came down.
25 So that answers one of your questions.

1 The second question was whether -- if a firm
2 might not have been interested in bidding at 68, but if
3 we augmented this to 109, are we in fact giving sort of
4 unfair advantage. No firm here is receiving more than
5 the $68,000 that we originally suggested in the first place.
6 CHAIRMAN IMBRECHT: I'd just mention as well,
7 this item, similar to an earlier one, had the same
8 constraint in the context of the discussions about getting
9 these augmentations, and that is basically that the funds
10 be subject to expenditure by the conclusion of this fiscal
11 year, and that we had up and running programs with our
12 fees out there that made it possible for us to expend the
13 funds.
14 Frankly, that gave us a substantial edge in the
15 competition, if you will, for these reallocations, vis-a-vis
16 other state agencies. You know, it's just one of those
17 circumstances, fortunate that we were able to receive
18 extra funds, but because of the fact that we had RFP's
19 out there, if we went back and started over again, we
20 probably would not be able to meet the criteria that
21 justified us receiving the additional funds in the first
22 place.
23 So it's a bit of a catch 22, I understand your
24 point, but I think the reality of it is what's before us.
25 COMMISSIONER COMMONS: Well, you know, having been

1 a previous consultant, and having done work with these
2 types of research organizations, I very easily would have
3 not bid on this, or proposed a bid, because I felt that
4 I did not have the expertise in one area, but I did have
5 the expertise in another area, particularly in relationship
6 to the differential between -- or the difference between
7 conducting workshops, and having strong contacts with the
8 Apartment Owners Association.
9 It's unusual that you would have the same firm
10 having both of those abilities. What the staff has
11 actually ended up with is in reviewing the proposals, they
12 found some people who were strong in one area, and some
13 who were not strong in the other.
14 But my feeling is that you may have had a very
15 different group of people proposing if it had been
16 announced that you could bid on this as a partial item.
17 Did you get any proposals that only suggested
18 doing partial completion of the tasks, either the research
19 tasks, or the apartment owner tasks?
20 MR. ALVAREZ: No, I think all the proposals had
21 each of the elements involved with it. What was happening,
22 when we were doing proposals, is that they were bringing in
23 subcontractors, or subgrantees, who would in fact supplement
24 an organizations work if in fact they were weak in a
25 particular area, such as the financing area, they were in

1 fact soliciting outside organizations to come in. In
2 essence, putting the package together, and presenting the
3 whole package to us.
4 COMMISSIONER COMMONS: Which gives further
5 inference to what I'm saying is you may have had some of
6 these subcontractors who would have proposed in doing some
7 of the tasks if they had known they could have bid just
8 on those tasks rather than bidding on the whole project.
9 MR. ALVAREZ: That seems to be reasonable.
10 CHAIRMAN IMBRECHT: Commissioner Schweickart.
11 COMMISSIONER SCHWEICKART: Yeah. I don't have
12 any particular objection to Commissioner Commons having a
13 point of view on this one. I'd like to be informed whether
14 there's any question about legality here. Now, I don't
15 see Carol Chesbrough around, and Bill, perhaps you could
16 answer that, but it seems to me -- frankly, I'd like to
17 move on.
18 If Commissioner Commons doesn't want to support
19 it, I think that's terrific. But I think the line of
20 questioning could lead us to 1:30 easily, without any more
21 light shed on it. If it's legal, then we can each apply
22 our judgment as to whether or not we want to go this way.
23 COMMISSIONER COMMONS: Well, I am raising the
24 question, not only from my own position, but as to whether
25 or not it is a legal action.

1 COMMISSIONER SCHWEICKART: All right, let's get a
2 -- could we get an opinion on that and move on.
3 MR. CHAMBERLAIN: I'm afraid I -- I would have
4 to plead that I don't feel that I have enough background
5 on this to give you a --
6 COMMISSIONER SCHWEICKART: All right, can you
7 get Carol Chesbrough here while we go on to the next item?
8 MR. CHAMBERLAIN: Certainly.
9 CHAIRMAN IMBRECHT: Fine. Item 9, three grants
10 for a total of $31,880 for the PVEA Escrow Account Program
11 for local government to convert inefficient incandescent
12 lamps to high or low pressure sodium vapor. Engineering
13 studies to investigate the feasibility and cost involved in
14 converting low efficiency series circuit streetlighting
15 to multiple circuits. Mr. Alvarez?
16 MR. ALVAREZ: As you're aware, the Energy
17 Commission has a program where we are providing interest
18 rate subsidies and engineering grants to local governments
19 for streetlight conversions. We received three applications
20 that we are bringing forth to you today.
21 One from the City of Millbrae for a project of
22 approximately $67,000 and requesting an interest subsidy
23 of five percent which would equate to approximately $16,000.
24 The other two proposals that we have received
25 are from the City of El Cerrito for an engineering grant,

and the City of Azusa for an engineering grant. The -- going back to the City of Millbrae. They proposed what their interest rate subsidy would be. They officially have not closed the loan with the lending institution, and therefore, we are projecting that it would be up to $16,880 that the grant would be provided for, and are requesting approval.

CHAIRMAN IMBRECHT: Okay. Questions or comments?

COMMISSIONER GANDARA: I'll move it.

CHAIRMAN IMBRECHT: Moved by Commissioner Gandara, seconded by Commissioner Imbrecht. Is there objection to a unanimous -- does anyone wish to be heard on this matter?

COMMISSIONER SCHWEICKART: Mr. Chairman, the only question I have here is going back to one raised last -- well, two weeks ago, last business meeting by Commissioner Gandara, and especially since we're doing, what, engineering assessments, engineering studies. I wonder if there is a component which includes the issue raised then of the potential broad impact of one type of sodium lamp versus the other in areas such as Azusa, which I know to be somewhat approximate to research facilities, telescopic research facilities.

COMMISSIONER GANDARA: Well, that's a good point. We hadn't thought of it in this context. At the same time,

1 the staff did report back to the Committee, and they have
2 identified all the major observatories, and they -- I'm
3 informed that there's going to be a meeting of the
4 observatory people, and they will be discussing the issue.
5 I think one of our staff people will be going.
6 So at this point in time, what is happening is
7 that our own staff is looking further into the issue
8 rather than it being part of what the study is. I would
9 accept -- I think it would be a good suggestion to ask as
10 part of the contract administration of this that there be
11 a, you know, some consideration or provision made that
12 this be considered.
13 COMMISSIONER SCHWEICKART: That's fine.
14 COMMISSIONER GANDARA: Is that possible?
15 MR. ALVAREZ: That's fine.
16 MS. GRIFFIN: Yes.
17 CHAIRMAN IMBRECHT: Is there objection to a
18 unanimous roll call. Hearing none, ayes 5, noes none.
19 Mr. Chamberlain is not back. I'm personally
20 inclined to move on Item No. 8. I cannot see any potential
21 illegality involved in this contract.
22 EXECUTIVE DIRECTOR WARD: Well, I might add that
23 it's my understanding that the contracts attorney has been
24 involved through the process. It's not something that is
25 unique, the Commission has done this sort of thing before,

1 and that it certainly -- the legal process is going to be
2 questioned as it goes through the Department of General
3 Services legal for sign-off on this, and also our legal
4 in drafting the contract again.
5 So, I -- if it's the pleasure of the Commission,
6 then, just leave it to my judgment to make sure that there's
7 no extenuating legal circumstances that would affect the
8 outcome of the contract, that would be fine.
9 CHAIRMAN IMBRECHT: That would be fine, or we
10 can always rescind action on this item in the event that
11 Ms. Chesbrough raises any issues subsequent to our
12 consideration of the item. I think that's highly unlikely
13 frankly.
14 COMMISSIONER CROWLEY: Passed subject to her --
15 whatever.
16 CHAIRMAN IMBRECHT: Fine. So with that, I'm
17 going -- do we have a motion on Item No. 8? All right, I
18 will move adoption of Item No. 8. Is there a second?
19 COMMISSIONER SCHWEICKART: All right.
20 CHAIRMAN IMBRECHT: Seconded by Commissioner
21 Schweickart. Is there objection to a unanimous roll call?
22 Commissioner Commons objects, would you please call the
23 roll?
24 SECRETARY GERVAIS: Commissioner Commons?
25 COMMISSIONER COMMONS: No.

SECRETARY GERVAIS: Commissioner Crowley?

COMMISSIONER CROWLEY: Aye.

SECRETARY GERVAIS: Commissioner Schweickart?

COMMISSIONER SCHWEICKART: Aye.

SECRETARY GERVAIS: Commissioner Gandara?

COMMISSIONER GANDARA: Aye.

SECRETARY GERVAIS: Chairman Imbrecht?

CHAIRMAN IMBRECHT: Aye. Ayes 4, noes 1, the motion is adopted.

We will recess now until -- let me ask if any Commissioners have luncheon commitments they -- all right fine. In that case, fine, we will recess -- you're just in time.

MS. CHESBROUGH: For the recess.

CHAIRMAN IMBRECHT: We'll talk to you about it later. We will recess until 1:30, take an executive session for the next 15 minutes in the small conference room. Mr. Ward has some items to raise. I don't -- Mr. Chamberlain, do you have anything for executive session?

MR. CHAMBERLAIN: No.

CHAIRMAN IMBRECHT: All right fine. Okay, we'll come back at 1:30.

(Thereupon the morning session of the business meeting of the California Energy Resources Conservation and Development Commission recessed for lunch at 12:30 p.m.)

--o0o--

1 AFTERNOON SESSION

2 --oOo--

T.5 3 CHAIRMAN IMBRECHT: We'll call the meeting back
4 to order. I'm informed by Commissioner Commons that he is
5 engaged in some last minute discussions with Southern
6 California Edison, and since he is also obviously involved
7 in the LADWP item, we will not be able to take either
8 items 10 or 11 for the near-term, or 12 for that matter,
9 as well.

10 Let's turn to approval -- let's take care of a
11 few housekeeping items. Is there objection to approval of
12 the minutes as submitted? We'll take just a moment on that.

13 COMMISSIONER GANDARA: I'll move them.

14 CHAIRMAN IMBRECHT: Okay. Well, I don't think
15 we need a formal motion. Absent objections, we'll approve
16 the minutes as presented to the Commission.

17 Mr. Chamberlain, do you have a report?

18 MR. CHAMBERLAIN: Yes, Mr. Chairman. I apologize
19 for not having the answer to your question on Item 8
20 earlier, but we have resolved that. There is no legal
21 problem on that item.

22 CHAIRMAN IMBRECHT: Thank you.

23 MR. CHAMBERLAIN: Second, I have two documents
24 here, the last two weeks we've had quite a bit of activity
25 in our office in litigation. I have a reply brief that

1 was submitted on behalf of the Commission a week ago, and
2 an opening in the Bonneville Power Administration case
3 involving the Trojan Nuclear contract shutdown agreement.
4 Then yesterday we filed in the DC circuit an
5 opening brief on behalf of the Commission, the State of
6 Minnesota, and the State of New York, involving the
7 Department of Energy's no-standard standard. So I'll
8 provide you copies of those.
9 CHAIRMAN IMBRECHT: Fine, thank you. Anything
10 further? I think probably, and I haven't had a chance to
11 mention this to you, but in the context of your report, I
12 should probably mention that Monday I met with Peter
13 Johnson, the administrator of the Bonneville Power
14 Administration in Portland to discuss a variety of issues.
15 The one relevant in this case is the Commission
16 action taken last meeting in Executive Session relative to
17 a stipulation for an extension of time for BPA to file
18 reply briefs in a number of our proceedings against them,
19 in response for which there would be a procedure established
20 to deal with non-firm surplus rate issues in a more collegial
21 sense.
22 Mr. Chamberlain and Mr. Simon proposed a
23 schedule for that resolution that would conclude by
24 June 30th. We submitted that to Mr. Johnson on Monday
25 and he has agreed, and Mr. Chamberlain and Mr. Simon have

1 been designated as our representatives in those discussions.
2 It contemplates, I believe a series of three meetings between
3 now and that time period.
4 I will simply report on that, and so we will be
5 in a position by June 30th to either determine whether or
6 not the stipulation shall remain in effect, or whether we
7 should utilize the safety clauses in that that would allow
8 us to once again on 45-day notice reinstitute the requirement
9 that they file their reply briefs.
10 MR. CHAMBERLAIN: One other item, Mr. Chairman.
11 CHAIRMAN IMBRECHT: I'm sorry, excuse me.
12 MR. CHAMBERLAIN: Perhaps in relation to the DOE
13 matter, I believe a few days ago, I've forgotten which day,
14 but we did get word that the Commission's waiver petition
15 on our IID requirements for gas-fired stoves and ovens
16 was granted by the Department of Energy. That's been in
17 the works now for 9 or 10 months, but that was finally
18 granted.
19 The main waiver petition relating to all the other
20 appliances is still pending, and they have -- to my
21 knowledge, they haven't even submitted a proposed rule yet.
22 CHAIRMAN IMBRECHT: Have they been granting other
23 waiver petitions that you're aware of?
24 MR. CHAMBERLAIN: Well, I'm not aware of any that
25 they've denied, but I'm not aware of others that they've

1 granted either. I think this one on gas stoves and ovens
2 was one of the first ones filed.
3 CHAIRMAN IMBRECHT: I see, so at least at the
4 present time, it appears that their public action is
5 consistent with the variety of discussions that we've had
6 with them as to their intention.
7 COMMISSIONER SCHWEICKART: Except for the issue
8 of expeditious handling.
9 MR. CHAMBERLAIN: Right.
10 CHAIRMAN IMBRECHT: Yeah, well, I understand.
11 They're different definitions obviously of what that
12 constitutes.
13 Okay. Let's see, Mr. Ward, do you have a report?
14 EXECUTIVE DIRECTOR WARD: No. I just would
15 mention one other thing that I have discussed with a
16 couple of Commissioners, including yourself, Mr. Chairman,
17 which would be the question of whether we continue to
18 include minutes as part of the agenda.
19 Certainly, if any questions arise regarding past
20 actions of the Commission, we have the transcripts available,
21 as a result of some staffing problems, that it is fairly
22 burdensome, because we don't get the transcript until
23 actually I think the day before -- and Lorri, you can
24 correct me if I'm wrong, the hearing.
25 So Lorri is in the position of having to prepare

1 both the agenda and the minutes in a short period of time,
2 and make any revisions to those agendas. So I would ask
3 that based on that, we discontinue having minutes as part
4 of the meeting, recognizing we have the existence of
5 transcripts.
6 I'd also ask counsel if there's any requirement
7 that we have minutes, and found that it's just being done
8 from an historical perspective, and there's never been a
9 question raised.
10 CHAIRMAN IMBRECHT: I vaguely recall this
11 conversation, but not too well. You did raise it with
12 me, I guess, but beyond that -- any comments?
13 COMMISSIONER SCHWEICKART: Well, my own feeling
14 is that a Commission conducting public business should
15 maintain minutes, frankly, and as to the day before issue,
16 one can simply make those minutes available at the second
17 business meeting so that that's --
18 CHAIRMAN IMBRECHT: It can be a month rolling.
19 EXECUTIVE DIRECTOR WARD: The month rolling
20 would be helpful if that was --
21 CHAIRMAN IMBRECHT: I think that would be
22 acceptable. I think a summary for the benefit of the
23 public -- none of us have time to go back and dig through
24 the transcripts and make sure that we accurately reflect
25 what occurred, as we know transcription sometimes has

1 mistakes in it. So okay.

2 Now, since we're still waiting on Commissioner

3 Commons, I'm going to turn to public comment at this point

4 in time. I understand that we do have at least one member

5 of the public that does wish to address us at this point

6 in time. So any of the public who wishes to, please come

7 forward and identify yourself. Yes, Ms. Siegel.

8 MS. SIEGEL: Mr. President, Commissioners, thank

9 you for the privilege of addressing --

10 CHAIRMAN IMBRECHT: Thank you for the name change,

11 but it's Chairman here and President down at the PUC.

12 Thank you, in any case. The first time I've ever been

13 called Mr. President.

14 MS. SIEGEL: Mr. Chairman -- Mr. President/

15 Chairman, that's in the future. I appreciate --

16 CHAIRMAN IMBRECHT: Don't hold your breath.

17 MS. SIEGEL: I appreciate this opportunity to

18 talk to you. As you know, I'm Executive Director of TURN,

19 a consumer organization that represents residential

20 consumers on gas, electricity and telephone cases before

21 the California Public Utilities Commission principally,

22 and when and as we can afford it, before this Commission.

23 Obviously, we can't afford it, or we'd be here

24 more often. I'm rising to a point of information, Mr.

25 Chairman, today, to find out the present status of the

1 Petroleum Violation Funds. I don't know if you know my
2 background.
3 Part of my participation in consumer affairs
4 included committee assignments under three presidents on
5 the Consumer Advisory Committee of DOE. I recall in 1979
6 when the Petroleum Violations first came up, and the
7 Office of Hearing and Appeals was attempting to reach
8 settlement with the various parties at that point.
9 I hear and I see that there's a great deal of
10 money coming into this state. There was $18.9 million
11 last year. I'm told that there's something like $211
12 million coming in soon. There's a possibility of $240
13 million coming in in '85, and farther out, there's $500
14 million in settlements.
15 Now, maybe my information is wrong, but that's
16 what I'm acting on. At any rate, apparently there are
17 funds available now.
18 I think it's uncanny, I could say other things,
19 but at least it's uncanny, that this Commission has made
20 no attempt to fund any consumer organizations here to
21 represent the interests of consumer organizations before
22 this Commission. As I will indicate in a later matter on
23 your agenda, it's vitally important, because your
24 recommendations are made, and they're considered very
25 seriously by the Public Utilities Commission. So we have

1 to have input into this process as well.

2 That really means assigning a staff person to the

3 Energy Commission proceedings. Now, I have great faith in

4 the Energy Commission. I'm delighted, for example, that

5 you're pursuing the Bonneville matter. It's the Energy

6 Commission who won the consumer's side on the Bonneville

7 Power rate case determination.

8 It's the Energy Commission whose very considered

9 recommendations on assessments, et cetera, are tended to

10 very carefully by all parties, and I would hope that the

11 Energy Commission would similarly consider the consumer

12 viewpoint and assist the consumers in presenting that

13 viewpoint as is the California Public Utilities Commission.

14 They're the leaders in the country, even though PGandE is

15 objecting and appealing our decisions, the marvelous

16 decisions that the California Commission made, nonetheless

17 they're the leaders in the country on trying to give

18 consumers fair representation.

19 That's all we're asking for. At the moment, I

20 would like to know how much of the Petroleum Violation

21 Funds are available, how we apply for it, and I would like

22 a commitment from this Commission that this Commission will

23 entertain favorably -- I'm not asking you to buy a blind

24 package, but I want serious consideration of a two-pronged

25 proposal that I will submit to you as soon as I find out

1 what the procedures are.

2 Number one, I would propose that we have some
3 representation here before the Commission that those funds
4 be taken out of the Petroleum Violation funds because of
5 the resulting rate impacts it has on all consumers. This
6 follows the philosophy that the Petroleum Violation funds
7 are really restitution funds to those consumers who
8 suffered during those high cost petroleum pricing era.

9 Secondly, I would respectfully propose to this
10 Commission, and submit paper to justify it, a conservation
11 program that's meaningful, people to people. We would
12 propose to bring to the citizens of the state, particularly
13 the low income community, in different forms than exist,
14 if there are any, information in regard to conservation
15 programs from all sources, to utility rates and the impacts
16 and implications of those, and to all kinds of affirmative
17 conservation effects.

18 We are doing that currently with great success
19 in five counties around the Bay Area under a San Francisco
20 Foundation grant. We have compiled a voluminous and
21 stunning guide in Marin County, that's what we used the
22 little bit of buck funds we get for there, and so on.

23 We would like to do a job for residential
24 consumers. We have experience in this area. We have been
25 funded by DOE in the past to do these kinds of programs.

1 We have competent people to staff it, et cetera. So first,
2 I want to know how much money is in the pot, and how we
3 can get our mitts on it, in a word. As you know, I'm
4 plain spoken.
5 CHAIRMAN IMBRECHT: Yes, I do, and that's
6 generally appreciated I think within governmental agencies,
7 because it's a fresh approach to presenting a case. I
8 certainly like that attitude.
9 Ms. Griffin, who is present in the audience, I
10 believe is genuinely recognized as the most knowledgeable
11 with respect to PVEA funds anywhere within the state
12 government, and I think that's been demonstrated by virtue
13 of our successful advocacy for involvement in those
14 programs, with her assistance, in the last few months.
15 If I am making mistakes, I'd apprecaite it if
16 you'd correct me, and I'll just give you a brief summary
17 of the situation as I best understand it, and I would
18 urge you to consult with her for more detailed information.
19 It is correct that there was $18.9 million
20 available for distribution within California programs during
21 the current fiscal year. Those funds have been totally
22 allocated, and there are no remaining funds at this
23 juncture. Of that total, the Energy Commission received
24 just short of $12 million, and the rest went to a variety
25 of other state agencies, including the Office of Economic

1 Opportunity, and a few others.

2 In addition, in the last budget, the Legislature
3 appropriated, and then the Governor approved some
4 modification basically visited upon the Commission the
5 responsibility to conduct an analytical study of potential
6 expenditures for PVEA funds in the future. That study is
7 currently underway.

8 There is a very detailed process with a variety
9 of public workshops, and public meetings, and so forth.
10 There's an advisory group that's been established which
11 was specifically charged by the Commission to involve
12 groups such as your own in the process to ensure that you
13 had an adequate opportunity to present proposals for
14 review and analysis.

15 Ultimately, that study is to produce a report to
16 be made available to the Legislature and to the Governor
17 in November of this year. It's not designed to determine
18 the outcome of funding decisions, but rather to provide an
19 analytical yardstick or tool by which those decisions can
20 subsequently be made both in the context of the Governor's
21 budget proposals, and by the Legislature enacting upon them.

22 Lastly, as to the dollars potentially involved,
23 it is my understanding that it is unlikely that there will
24 be any additional PVEA funds available to the state of
25 any significance, and I'm saying that in the context of say,

1 more than a million dollars between now and sometime in
2 the spring of 1985 at the earliest. At that time, depending
3 upon the resolution of a variety of cases, as much as
4 $250 million total might become available.
5 I am not aware of any $500 million figure, or an
6 additional $210 million I believe as you indicated. I
7 believe the $250 is basically the maximum total potential
8 revenue from this source at this juncture, or that's our
9 expectation.
10 Finally, I would just mention that there is
11 another appropriate issue that you might care to address
12 at the federal level, and that is a proposal by the Office
13 of Management and Budget to in effect defund a variety of
14 conservation programs at DOE, and to backfill those
15 programs from PVEA funds, in effect, to recapture those
16 dollars on behalf of the federal government, and deprive
17 the states of the distribution which is contemplated in
18 most of the court orders relative to those cases.
19 That proposal, I believe has rough sledding in
20 Congress, but nevertheless, the affirmative expression of
21 viewpoints against it by as many groups as possible
22 certainly would be helpful.
23 In that regard, we recently recommended that the
24 Governor take a formal position opposing the OMB proposal.
25 He has done so, and the Governor's Office in Washington

1 has been instructed, and I've been in consultation with
2 their director on several occasions now to inform the
3 Congressional delegation of the official position of the
4 administration here in California opposing those efforts,
5 and also to conduct appropriate additional lobbying efforts
6 to ensure that our delegation, if at all possible, does
7 not support that.
8 I think a brief summary, that's basically where
9 the PVEA situation is. If I've left anything out, please
10 correct me.
11 MS. SIEGEL: All right, we'll be glad to support
12 that.
13 CHAIRMAN IMBRECHT: Commissioner Gandara?
14 COMMISSIONER GANDARA: Yeah, Mr. Chairman, I
15 believe a slight correction. The $18.9 million that came
16 into the state were allocated with respect to what went
17 to the various agencies. But of the amount that came to
18 the Energy Commission, the Energy Commission does have at
19 this time unallocated funds.
20 That's not to say there are not planned activities
21 for those funds, but as Commissioner Commons pointed out
22 in his interest earlier this morning with respect to both
23 the low income concerns, and the consumer concerns, that
24 the question that remains with this Commission is for the
25 remaining funds that have not been obligated, what priorities

1 should the Commission place for their distribution.
2 I think the question that Ms. Siegel might want
3 an answer to is how many -- what are the remaining
4 unobligated funds from the portion that we received of that
5 $18.9 million.
6 CHAIRMAN IMBRECHT: Okay, I'm certain I didn't --
7 I understand your point. What I was referring to is that
8 the $18.9 had been allocated vis-a-vis distribution to the
9 agencies.
10 MS. SIEGEL: My intent is to get some money out
11 of this Commission, so I don't care where you get it,
12 whether it's Petroleum Violation, or your general budget,
13 or whatever.
14 CHAIRMAN IMBRECHT: I wish it were that easy, but
15 we do have some unallocated -- I mean, specifically
16 contracted for funds, they have been broken into various
17 program categories that were approved by Finance and by
18 the Legislature. We would have to spend them within those
19 general categories.
20 But as to discretion about funding your organiza-
21 tion or others that would qualify to assist in dissemination
22 of conservation information, I think that genuinely would
23 potentially qualify. I'm not sure -- Ms. Griffin might
24 be in a position to address this issue.
25 Would funding of representation here before the

1 Commission qualify?

2 MS. GRIFFIN: Under the SECP program?

3 CHAIRMAN IMBRECHT: Yes.

4 MS. GRIFFIN: I am not sure, because it does not
5 contribute directly to energy savings, which tends to be
6 the language. But it certainly is education and information
7 and generally education and information --

8 CHAIRMAN IMBRECHT: I don't think we'll be able
9 to resolve that. As to your two proposals, I think one
10 definitely would qualify under the federal guidelines as
11 I understand them. The second one is debatable, I just
12 don't know what the answer is, but I'm certain Ms. Griffin
13 can determine that for you.

14 MS. GRIFFIN: I did want to offer one particular
15 suggestion. In terms of -- you mentioned the small amounts
16 of money, the small cases which come in, which do not have
17 all of these restrictions on them, and for which the
18 proposals which Ms. Siegel is making would be eligible.

19 Finance has established a procedure for the
20 allocation of those monies which we could help her to put
21 in a proposal for. The way that Finance has set it up is
22 that anyone may submit a proposal to Finance for the small
23 monies. Finance just keeps a catalogue, and as we get a
24 notification from the federal government that some amount
25 of money is available, the Governor's Task Force makes a

1 decision, Finance chairs that task force. They make a
2 decision, and then the plan goes back.
3 COMMISSIONER GANDARA: Well, let me ask another
4 question.
5 MS. SIEGEL: I appreciate that. I want to know
6 right now how much money is unallocated and available for
7 funding right now, as of today?
8 CHAIRMAN IMBRECHT: I don't know. Ms. Griffin?
9 MS. SIEGEL: Who does know.
10 MS. GRIFFIN: I know.
11 MS. SIEGEL: Can I have that number?
12 MS. GRIFFIN: Yes. For converting local
13 government streetlights, there's $1,900,000 and a bit left
14 of which we have proposed $1.5 million be carried over.
15 For assisting local governments to get third party
16 financing to retrofit their buildings, and to put in
17 renewable resources, the whole $1.361 has not been yet
18 obligated by the Commission, though the $650,000 contract
19 is on an upcoming business meeting.
20 The rental sector, which again is to encourage
21 third party financing in the rental sector, it's $572,000
22 I think, it's about $550,000 that has not yet been
23 obligated by the Commission. There is $58,000 for the
24 evaluation which has not been obligated by the Commission,
25 and for traffic signal timing, I believe the number is

1 $472,000 has not yet -- that might be $564,000 -- not been
2 obligated by the Commission yet.
3 CHAIRMAN IMBRECHT: Well, may I just suggest that
4 she's in a position to provide you with those precise
5 numbers.
6 MS. SIEGEL: Thank you, I appreciate that.
7 CHAIRMAN IMBRECHT: And I'm sure will be happy
8 to do so.
9 MS. SIEGEL: I understood there were some other
10 small pots around too that I haven't heard included in here.
11 MS. GRIFFIN: That's what I meant by the small
12 cases which are decided by Finance.
13 MS. SIEGEL: Not small cases, small pots.
14 MS. GRIFFIN: That's it.
15 COMMISSIONER GANDARA: Mr. Chairman.
16 CHAIRMAN IMBRECHT: Yes, Commissioner Gandara.
17 COMMISSIONER GANDARA: One of the small pots,
18 I think Ms. Griffin did go over it, which was the $54 or
19 $58,000 for the evaluation portion that has been unallocated
20 -- unobligated, rather, and yet as most of the Commissioners
21 are aware, since I've been at the Commission, I've been
22 long interested in sort of having an evaluation and review
23 of our energy policies, and the economic impacts, and in
24 particular, you know, toward the low income and the equity
25 considerations of that.

1 I don't know why the -- a portion of that 58K
2 augmentation, since we didn't expect it, or not, for
3 evaluation, could not be worked on as a possibility for
4 having an organization with the expertise like TURN to
5 review, in fact, what our proposals are with respect --
6 what they have been in terms of our distribution for PVEA
7 funds to see whether in fact they would meet the test of
8 a major consumer organization who has interest towards
9 the low income.
10 That's one possibility that doesn't have to wait
11 for future years, or for future allocations, and so forth
12 and so on. It's here and it's now. You know, I think it's
13 difficult for us to pass judgment on a particular proposal,
14 or contract, or so forth here, but I do think that there
15 is something that can be worked on with respect to what we
16 do have that have not been obligated, and I certainly would
17 be supportive of the staff engaging with Ms. Siegal to
18 see what could be made available within our present funding
19 availability as opposed to future availability.
20 CHAIRMAN IMBRECHT: That's fine.
21 MS. SIEGEL: Do you assign an account executive
22 to us?
23 CHAIRMAN IMBRECHT: Excuse me?
24 MS. SIEGEL: Do you assign an account executive
25 to us, like Willie Brown does, or how do you proceed?

1 CHAIRMAN IMBRECHT: He has a little more
2 discretion than we've got. No, I -- let me suggest that
3 you consult with Ms. Griffin on this, and eventually --
4 MS. SIEGEL: I have.
5 CHAIRMAN IMBRECHT: -- there has to be a proposal
6 submitted, and we obviously have to advertise to solicit
7 other organizations such as your own to see whether they
8 would be interested in participating as well.
9 If there are some small pots of money as you
10 suggest that hang in the balance, I don't personally want
11 to commit to the $58,000 at this juncture, recognizing
12 there's some other potential expenditures on those funds
13 as well. But I want to assure you that we will entertain
14 seriously any proposal that you bring to us, and give it
15 our fairest consideration.
16 MS. SIEGEL: Can I talk to your new Executive
17 Director and find out from him -- you can see, I'm
18 persistent, but I mean to get something out of the Energy
19 Commission -- and find out from him what other small pots
20 are available right now, and how we could qualify for
21 submitting a proposal.
22 CHAIRMAN IMBRECHT: Let me just indicate to you
23 that I can assure you you'll have the fullest cooperation
24 of our staff, period, and that's a direction from me as
25 Chairman, okay?

1 MS. SIEGEL: Thank you, that's fine.
2 CHAIRMAN IMBRECHT: Beyond that, I think we need
3 to move on to the load management issues, because they
4 likely will consume quite a bit of the afternoon.
5 MS. SIEGEL: Thank you, Mr. Chairman, thank
6 you Commissioners.
7 CHAIRMAN IMBRECHT: You're more than welcome.
8 Thank you.
9 Now, turning to Item No. 10, Commission considera-
10 tion and possible adoption on recommended course of action
11 for LADWP's Appliance Cycling and Load Management Program.
12 EXECUTIVE DIRECTOR WARD: Mr. Chairman.
13 CHAIRMAN IMBRECHT: Yes, Mr. Ward.
14 EXECUTIVE DIRECTOR WARD: If it's the pleasure
15 of the Commission, what I'll briefly do is out line the
16 findings in the Executive Director's Report, and the
17 addendum that were presented at the March 22nd evidentiary
18 proceeding.
19 COMMISSIONER COMMONS: Excuse me, I think he's
20 on the wrong item.
21 CHAIRMAN IMBRECHT: Excuse me, are you doing
22 LADWP?
23 EXECUTIVE DIRECTOR WARD: Oh, I'm sorry, excuse me.
24 CHAIRMAN IMBRECHT: Yeah, we're on Item 10, 11
25 is next. Okay. Commissioner, who is prepared to present --

1 Commissioner Commons?

2 COMMISSIONER COMMONS: Yes. I asked that the

3 LADWP Load Management Program be put back on the agenda

4 today as part of our consideration of the Southern

5 California Edison proceeding, but I think there are some

6 things that have occurred since our February meeting which

7 we need to bring before the Commission, and then we have a

8 proposed order on this.

9 I think --

10 CHAIRMAN IMBRECHT: You have a proposed order?

11 COMMISSIONER COMMONS: Yes.

12 CHAIRMAN IMBRECHT: I see. Has it been distributed

13 to anyone?

14 COMMISSIONER COMMONS: I think our problem is

15 getting things to our -- that's why we were in meetings,

16 to try to get the final language. It will be passed out

17 before we vote on it or discuss it.

18 CHAIRMAN IMBRECHT: Well, I don't know. From a

19 procedural standpoint, I mean, we all object, and I've heard

20 you object to not having adequate notice of things. I have

21 no idea what you're proposing here in the way of an order.

22 COMMISSIONER COMMONS: I'll pass it out, here it

23 is, it's here, the change. Okay. When we had the hearing

24 on the submittals in terms of the CFM's for the 20 year

25 plan forecast, the submittal from Los Angeles Department of

1 Water and Power on load management for their 20 year
2 period included no load management in the 20 year plan.
3 In the hearings that we've been having on --
4 MR. HEATH: Excuse me, Mr. Chairman, I'm sorry
5 to interrupt. LADWP is here, they haven't seen the order
6 at all. I find that they are at a real disadvantage on
7 even commenting on this, let alone figuring out what today's
8 item Agenda No. 10 is even about. That's the first
9 question I think that needs to be proposed.
10 I will refer the Commissioner back to the
11 Commission order which sets out a procedure for rehearing
12 of the LADWP matter. To my knowledge, that procedure has
13 not been implemented.
14 CHAIRMAN IMBRECHT: Would you read that for us
15 please? Is it lengthy, or is it something you can
16 summarize?
17 MR. HEATH: It's something lengthy. Perhaps, I
18 think the General Counsel should probably take a look at
19 it and advise the Commissioners as to if this procedure
20 has in fact been enacted to the point of bringing LADWP's
21 item back before the full Commission.
22 CHAIRMAN IMBRECHT: Yes. Commissioner Commons,
23 is it necessary for us to consider this item prior to
24 hearing the SCE?
25 COMMISSIONER COMMONS: Yes.

CHAIRMAN IMBRECHT: It is, all right.

COMMISSIONER COMMONS: The two orders have -- the order on LADWP is three lines and three words in length.

CHAIRMAN IMBRECHT: The change.

COMMISSIONER COMMONS: That's right.

CHAIRMAN IMBRECHT: It's basically Paragraph 5.

COMMISSIONER COMMONS: That's all it is.

CHAIRMAN IMBRECHT: Mr. Chamberlain, are you in a position to advise us as to what the procedure is that's noted?

MR. CHAMBERLAIN: Well, I'm not sure what point the Public Adviser is making. The order says very clearly, "the Commission shall retain jurisdiction over this matter pending further investigation of whether a subsequent load management cycling program is appropriate for LADWP."

MR. HEATH: May I respond to that first point.

CHAIRMAN IMBRECHT: Certainly.

MR. HEATH: First of all, pending further investigation, if there has been an investigation, what is the investigation, and has LADWP had access to that investigation.

MR. COHN: I can respond to that. My name is Steve Cohn, staff counsel. The investigation in this case consists of testimony given on behalf of both LADWP and Edison in both workshops and hearings in the Edison case.

1 COMMISSIONER COMMONS: And also a presentation
2 made by LADWP to the CFM Committee at a formal hearing of
3 the Commission, and documents submitted under order of the
4 Commission for March 1st.
5 MR. HEATH: May I ask if that's --
6 COMMISSIONER COMMONS: So there has been no
7 independent activity by our staff, by -- and by our staff,
8 I mean anyone in the Commission pursuant to this. All that
9 has occurred is there have been official documents submitted
10 on the record by LADWP, or Southern California Edison, and
11 that's the only information that I am bringing to the full
12 Commission to be made aware of.
13 MR. HEATH: The question I have is has the CFM
14 material been submitted into the load management proceeding?
15 COMMISSIONER COMMONS: Yes.
16 MR. HEATH: Into the record?
17 COMMISSIONER COMMONS: Yes.
18 CHAIRMAN IMBRECHT: If I can ask, has a copy of
19 the order been given to the representative from LADWP?
20 COMMISSIONER COMMONS: I don't think so.
21 CHAIRMAN IMBRECHT: The paragraph in question is
22 Paragraph No. 5, if you could review that, and if you're
23 in a position to comment, indicate just whether you would
24 have objection to that or not.
25 MR. COHN: Let me note for the record, there would

1 be one change to the printed version, the date in Paragraph
2 5 should read October 1st, 1984, rather than January 1, 1985.
3 (Pause to examine document and whispered
4 discussions.)
5 CHAIRMAN IMBRECHT: Let me just indicate,
6 rather than asking for an answer from you at this point in
7 time, and holding all of the Public Adviser's objections in
8 abeyance, but recognizing them for the record, let me
9 suggest that we ask Commissioner Commons to present the
10 facts as he perceives them relative to this issue, and
11 then we'll consider the propriety of whether or not we
12 should consider any formal action in the context of this
13 order, and in the interim, give you an opportunity to
14 consider your response, have a little more time.
15 Commissioner Commons?
16 COMMISSIONER COMMONS: Mr. Ward, would you like
17 to start in terms of the impact on the Executive Director's
18 Report of the subsequent information that we have received.
19 EXECUTIVE DIRECTOR WARD: The subsequent informa-
20 tion that we received relates to an offer to purchase power
21 from LADWP to Southern California Edison. I think staff's
22 position at this point is that still does not affect the
23 original determination that we made in the previous -- or
24 in the Executive Director's Report on LADWP's Load
25 Management Program.

1 The propriety of it in terms of discussion, I
2 think, is clearly aimed at the Southern California Edison
3 Load Management Report.
4 COMMISSIONER COMMONS: Given that LADWP has
5 suggested to the Commission that they need no load
6 management for 20 years, the Public Utilities Commission,
7 and others, in the testimony on the Southern California
8 Edison case, are very concerned that residential cycling
9 is being ordered for some people in the state, and is
10 cost-effective, and that in other areas of the state, which
11 is non-differentiable due to climate zones, economic
12 characteristics, or otherwise, is not cost-effective.
13 The issue has been raised as to whether the
14 ratepayers are being caused to pay for load management
15 cycling when there's excess capacity in one jurisdiction,
16 and a need for capacity in an adjacent location.
17 If you have excess capacity, and it's not being
18 sold, and you have clearly the case of excess capacity
19 where you have one, an offer for 450 megawatts, and two,
20 an offer for 100 megawatts, and three, if you have no need
21 for load management, even though LADWP has testified that
22 peak capacity will be growing every year for the next
23 20 years, that would mean that there is more than the need
24 today, and that there is excess capacity available.
25 We have not received from LADWP any information

1 pertaining to the cost of delivering that capacity,
2 although there was a contract offer.
3 If there is excess capacity, and it's not being
4 sold, it appears that the ratepayers from LADWP are
5 paying for that capacity and not getting any revenues in
6 return. It may also turn out that we are asking ratepayers
7 for either Southern California Edison or PGandE to be
8 introducing load management programs such as cyclers,
9 that cost significantly more than that excess capacity
10 that essentially has already been paid for.
11 In terms of avoided costs, we have heard numbers
12 as low as $3.00, and numbers as high as $18.00, and this
13 compares to avoided cost numbers that I have seen that
14 range up to $116 as comparables.
15 If you have that type of differential, then it
16 appears on the face of it that there may be an ability for
17 the ratepayers of both utilities to have significant
18 reductions in their costs, and thus benefits.
19 Now, there may turn out to be reasons why this
20 is not the case. It may turn out that LADWP actually needs
21 a long-term load management program. The only action that
22 this Commission has taken so far is to look at an existing
23 200 cycler demonstration program and as to whether or not
24 that needs to be continued within that context.
25 As to whether or not LADWP should embark on a

1 similar load management program like all other utilities
2 in the state is an issue that this Commission has neither
3 addressed nor looked at. It has been raised within the
4 context of the Southern California Edison case, are we
5 treating municipal utilities in a different way than
6 we're treating investor owned utilities, and are there
7 injuries that we're placing on the ratepayers.
8 I don't feel that it's appropriate at this time
9 for us to answer all of these questions, nor do I want to
10 ask LADWP at this time, or ask our staff to investigate
11 whether or not there should be a 5,000 or 10,000 load
12 management program.
13 What I'd rather like to do is to ask LADWP and
14 Southern California Edison to continue discussions, if there
15 is, in fact, the excess capacity that LADWP suggests, if
16 there is a way that there could be an agreement that is
17 mutually beneficial to the ratepayers.
18 Now, whether or not we can adopt this order today
19 as to whether or not the way the notice to this meeting,
20 if it's been given proper notice, is one that I would want
21 to ask legal counsel, and if it is not properly noticed in
22 terms of asking them to report back to us in six months on
T.6 23 this issue, I have no problem with us holding this item
24 over for two weeks, and having it on the next business
25 meeting.

1 That would be an imposition, I think, to LADWP,
2 but I think that's a question of legal propriety that
3 should be addressed by both the Public Adviser's Office
4 and by legal counsel, if they have had adequate notice on
5 this matter. That would also be up to the wishes of the
6 other Commissioners, if they feel that they have had
7 adequate notice in terms of the distribution of this
8 three sentence statement.
9 CHAIRMAN IMBRECHT: Well, perhaps we can short-
10 circuit that by announcing if you have a position on it,
11 do you object to adoption of this order by the Commission
12 today?
13 MR. BYRD: Good afternoon, my name is W. C. Byrd,
14 I am a representative from Los Angeles Department of Water
15 and Power, and here with me today is Mr. Bob Pettinato who
16 is our engineer of technical services.
17 We came here with no prepared testimony to give
18 today. We are here to listen to and carry back to Los
19 Angeles the Commission's recommendations on a course of
20 action for the load management program. We are also here
21 to answer questions in regards to our load management
22 program.
23 We believe that it's unfair to have this order
24 passed today because we have attempted to find out what the
25 staff's recommendation would be, and we have not, in my

1 opinion, had a reasonable time to review and respond to this
2 order.
3 CHAIRMAN IMBRECHT: That is fairly clearcut and
4 disposes of the matter short of -- what is your feeling,
5 Mr. Chamberlain, relative to adequate noticing of this
6 item?
7 MR. CHAMBERLAIN: Well, I think from a straight
8 legal perspective, it's a close question. From certainly,
9 from a policy perspective, I would think it would be very
10 difficult to justify not waiting two weeks.
11 CHAIRMAN IMBRECHT: Fine. Did you understand
12 the answer from --
13 COMMISSIONER COMMONS: I have no objection of --
14 is it now properly noticed, and before us for two weeks?
15 CHAIRMAN IMBRECHT: Well, it will be.
16 EXECUTIVE DIRECTOR WARD: I might -- I think one
17 of the concerns that's been expressed here by Mr. Commons,
18 and appropriately so, is the development of new information,
19 and I think that was primarily the reason that the original
20 order dealing with LADWP's load management program was
21 done in the way it was by the Commissioner, or recommended
22 by the Commissioner.
23 So I would ask that the Commission request LADWP
24 to provide any information that the Commissioner would need
25 in his subcommittee, or Policy Committee deliberations to

1 come to some conclusion at the soonest time possible so
2 then he can give LADWP the soonest notice possible so they
3 can be prepared at the time they're here in two weeks.
4 COMMISSIONER COMMONS: Let me ask LADWP, would
5 you like this to -- would you like four weeks rather than
6 two weeks? I mean, there is no urgency, I feel, in terms
7 of the Commission or the Committee that it has to be heard
8 in two weeks, and whatever would be most helpful to you
9 is fine.
10 MR. BYRD: I think four weeks would be better,
11 that way we should be able to dispose of it at that time.
12 COMMISSIONER COMMONS: Fine.
13 MR. BYRD: But in regards to the statement by the
14 Executive Director, I think that maybe the staff should
15 provide us with the new information, other than us providing
16 the staff with the new information, because we really don't
17 know what this new information is.
18 EXECUTIVE DIRECTOR WARD: I was just referring
19 to the Commissioner's points that he made in his overview.
20 CHAIRMAN IMBRECHT: Okay. Well, let's put this
21 item over at the discretion of the Executive Director to
22 renotice it either two or four weeks from now, depending
23 upon developments.
24 Move to Item No. 11.
25 COMMISSIONER COMMONS: We would like you to take

Item 12 before 11 because we still do not have your order for the other Commissioners out of the pool.

CHAIRMAN IMBRECHT: You mean, there's another order that's now being drafted for Item No. 11?

COMMISSIONER COMMONS: We are taking Edison's comments and are correcting the order so that you have something correct, rather than having 35 amendments.

CHAIRMAN IMBRECHT: Okay.

(Agenda Item No. 12 under separate cover.)

(Agenda Item No. 11 under separate cover.)

T.10 CHAIRMAN IMBRECHT: I am informed by the Executive Director that we have necessity for another Executive Session dealing with potential litigation matters and so we will recess immediately for the Executive Session.

I don't believe there is any other public business to come before the Commission and so we will --

COMMISSIONER SCHWEICKART: Legislation.

CHAIRMAN IMBRECHT: Oh, God, we have the legislation.

COMMISSIONER CROWLEY: And a report from Grants and Loans.

CHAIRMAN IMBRECHT: I am sorry, pardon me. Well, let's forget the Executive Session at this point, and we'll turn to the legislation.

COMMISSIONER CROWLEY: May we hear -- Mr. Gandara

1 has a comment regarding Committee reports that might be
2 ahead of legislation.
3 CHAIRMAN IMBRECHT: All right, fine. Commissioner
4 Gandara.
5 COMMISSIONER GANDARA: At the last business
6 meeting, the Commission was concerned about whether the --
7 CHAIRMAN IMBRECHT: Excuse me -- thank you,
8 would you take your discussion outside please. I'm very
9 sorry.
10 COMMISSIONER GANDARA: At the last Commission
11 meeting, the Commission expressed some concern over the lack
12 of presentation of criteria for some of the PVEA project
13 selections, and requested that the Loans and Grants
14 Committee review that with the staff and develop that for
15 future grants and contracts.
16 Now, the current schedule -- the Loans and
17 Grants Committee did meet, and did review work that is in
18 progress by the staff. We have a bit of a time problem
19 here in that in order to schedule some of these grants,
20 we do not have the luxury of time, so I'm taking advantage
21 of the Policy Committee Reports to give you a status
22 report of the criteria, and the weights, and that -- are
23 going to be applied to the future grants in the particular
24 area of the multi-family buildings.
25 Karen Griffin and Manuel Alvarez from the staff

are here. They'll go through it, and again, given the shortness of time, and other pressing issues, I believe that this would only take a few minutes, but again, the Commission having received the Committee report here might wish to also defer it to some other time.

But absent any objections, Ms. Griffin, Mr. Alvarez.

CHAIRMAN IMBRECHT: Well, let me just ask -- what do we have -- we have a fairly short agenda for the next business meeting, is there any time exigency on this?

COMMISSIONER GANDARA: The exigency -- Ms. Griffin can best address that. There's a schedule that does present a problem.

CHAIRMAN IMBRECHT: All right, fine.

MS. GRIFFIN: Yes. In order to bring the full grants to the Commission by the end of the year, we are having noticing problems, and obviously, we want the potential applicants to have as much time as possible to put together quality projects.

What this project is, is the last major component of the rental program which is financial incentives which will be offered to owners and managers of both public and private buildings to energy service companies, to local governments, and to financial institutions. This is like interest subsidies or assistance with energy service companies in order to get third party financing actually

1 into rental buildings.

2 The selection criteria, and these are the criteria
3 which we are proposing would be used when we receive these
4 applications in order to rank them for award to the
5 Commission, the selection criteria are listed on the sheet
6 which was handed out to you, and include the energy saving
7 potential of the project, the leverage of state funds to
8 private funds, the likelihood that a financing agreement
9 will actually occur, the degree to which this is -- can
10 be replicated if there's going to be an effective demonstra-
11 tion that can be used in other California projects, the
12 qualification of the personnel that are involved, and the
13 ability to increase access to capital.

14 We believe that this set of criteria will allow
15 us to choose projects which -- a wide variety of innovative
16 projects, but yet projects that will come to fruition and
17 actually result in third party financing projects.

18 CHAIRMAN IMBRECHT: Let me -- I look at the
19 weight that you've attributed to these various things,
20 though, the last four categories seem to be fairly heavily
21 construed, and to some extent, are sort of inextricably
22 linked. If you're going to do well in one -- for example,
23 if you're going to do well on the likelihood of a financing
24 agreement we developed, I suspect you're going to do well
25 on the ability to increase access to capital. Do you

1 understand that point?

2 MR. ALVAREZ: I believe that the criteria in

3 the likelihood of financing is we're looking at a specific

4 proposal that comes to us, and what we are attempting to

5 judge there is the ability of that proposal to actually

6 put the financing arrangements together.

7 The criteria on the ability of increasing

8 capital, I think we're looking at the matter of access to

9 the entire capital market as a whole to the industry. What

10 does this particular project mean in terms of the entire

11 capital access to the entire rental sector.

12 So we're trying to emphasize both the specific

13 project, and then what it does to the project in general,

14 in the generic terms.

15 CHAIRMAN IMBRECHT: Okay. Well, I mean, I think

16 sort of the qualification thing ties in there too. But

17 I'm sorry -- Commissioner Commons had asked to be

18 recognized first, and then I'll --

19 COMMISSIONER COMMONS: I'll defer.

20 CHAIRMAN IMBRECHT: All right, Commissioner

21 Gandara.

22 COMMISSIONER GANDARA: Just a question of

23 procedure. Again, these are being presented to you for

24 early feedback so that if -- you have a choice of either

25 engaging in the discussion now, that's entirely appropriate,

or if you wish, to give your comments or concerns to the staff. The staff merely wished to give you this early information so they could reach a resolution hopefully of the weights and so forth by the end of the week I believe was the target date, so that the staff wishes --

CHAIRMAN IMBRECHT: Thank you. Let me -- let's do it this way, then. Commissioners that have an interest in discussing these matters with staff should do so, and I'll put the burden on each Commissioner. I'll indicate that personally, right now, I would like to.

COMMISSIONER COMMONS: That makes two of us.

CHAIRMAN IMBRECHT: All right.

MS. GRIFFIN: Okay, thank you very much for your time.

CHAIRMAN IMBRECHT: Thank you very much. Now, let's turn to the legislative report. Commissioner Crowley. Thank you Commissioner Gandara.

COMMISSIONER CROWLEY: Mr. Chairman, this legislative report comes in two sections in your packet. We have first the recommendations that were generated regarding the following bills, SB 1643. We request that this be held over, because it has been amended since the Committee looked at it. However, relating to the same issue, we have AB 2718, the Baker bill, item 2, which also deals with cogeneration offsets, and the recommendation by

1 the Committee is support this if amended as in the staff
2 memo regarding amendments.
3 CHAIRMAN IMBRECHT: Okay.
4 MS. STETSON: Excuse me. There have been some
5 new activities. Both bills have been amended, and I have
6 a new mock-up of the amendments on 2718 also, which
7 basically, from a cursory review, clean-up some of our
8 concerns but possibly don't take care of all of our concerns.
9 COMMISSIONER CROWLEY: Does the Chairman want
10 to deal with these bills in detail, or does the Chairman
11 want to refer them back to the Legislative Committee.
12 CHAIRMAN IMBRECHT: Well, let me ask what's
13 the time constraints?
14 MS. STETSON: Baker's bill is set -- 2718 is set
15 for Tuesday. The Ayala bill, we referred it back to
16 Committee because we have some time to look at those
17 amendments. I thought what we could do today is discuss
18 the amendments to 2718 and --
19 COMMISSIONER CROWLEY: The other alternative is
20 that if the Commission chooses to accept the amendments as
21 presented by the Legislative Committee, that will no doubt
22 give staff direction as to what -- where we're headed.
23 CHAIRMAN IMBRECHT: I think that's the appropriate
24 way to handle this.
25 COMMISSIONER CROWLEY: Okay. Then the

1 recommendation by the Committee was to support if the staff
2 memo was adopted as the amendments.
3 Then SB 2225, the Foran bill, also deals with
4 cogeneration offsets. It is to be heard on the 10th as
5 well, and the position of the Committee was to oppose
6 unless amended to protect the CEC siting jurisdiction.
7 Do you want me to continue with further bills,
8 sir?
9 CHAIRMAN IMBRECHT: Yes. Why don't you. If
10 there are questions, we'll interrupt, but if there are
11 no --
12 COMMISSIONER CROWLEY: Okay. Senate Bill 1660,
13 which is the Montoya bill on Subdivision Map Act. The
14 Committee felt that this was to be opposed because it
15 undermined local planning authority of counties and cities
16 and also dealt negatively with building standards which
17 might be imposed between the time of the original request
18 for action under the Subdivision Map Act and the final
19 processing of the subdivision.
20 MS. STETSON: If I could add one other thing,
21 the bill was put over from its Committee hearing this week.
22 There will be a meeting Monday afternoon with all of the
23 supporters and opponents to discuss that.
24 COMMISSIONER CROWLEY: Okay, then you'll have
25 direction from this meeting regarding that.

MS. STETSON: Right, thank you.

COMMISSIONER CROWLEY: Okay. Then Senate Bill 1986, the Boatwright bill dealing with methanol buses does not indicate a demonstration program prior to mandating a program. So the Committee was opposed to that.

COMMISSIONER COMMONS: What do you -- do you want to discuss these as they come up, or --

CHAIRMAN IMBRECHT: Yes, if you have questions about an individual bill as we're taking them up, we should deal with it then.

COMMISSIONER CROWLEY: Do you want to go back to the top?

COMMISSIONER COMMONS: No, I'm on the --

CHAIRMAN IMBRECHT: He's waived his opportunities on the others. I stated the ground rules before.

COMMISSIONER CROWLEY: Then item 5, Senate Bill 1986, is that where you are?

COMMISSIONER COMMONS: That's my first chance.

CHAIRMAN IMBRECHT: That's your first chance, right.

COMMISSIONER COMMONS: I think the position to say oppose unless amended, I would prefer it to be a much more positive viewpoint, support if amended. It sounds like we're opposing methanol buses here, and if we have some positive suggestions, I think that's a good idea. But it

1 sounds like we're in basic opposition.

2 COMMISSIONER CROWLEY: Well, if it sounds that

3 way to you, then, yes, we should rephrase it because the

4 point that we were making was not in opposition to the

5 concepts, it was to the order of -- in which it was

6 handled. The bill was consistent with the Commission's

7 policy to encourage commercial methanol vehicles and

8 consistent in the time frame.

9 However, it should be linked to a new bus

10 demonstration program.

11 CHAIRMAN IMBRECHT: Yeah, I would think frankly --

12 I mean 86 is -- no, 1990 is off a ways, but I would think

13 that there should be some caveats about the results of

14 our current demonstration programs underway. We've just

15 spent a good portion of this morning discussing the

16 appropriate level of emissions testing, and mileage and

17 all the rest of it, not to mention the aldehyde and fuel

18 safety handling questions, et cetera, et cetera.

19 I think all of those things ought to be outlined

20 in a communication to Senator Boatwright to make it clear

21 that while we are generally supportive of methanol as

22 demonstrated by our active involvement in a variety of

23 programs, at the same time, we don't want to prejudge the

24 issue until we have the analytical --

25 COMMISSIONER CROWLEY: Yeah, there were also some

1 problems --

2 COMMISSIONER COMMONS: I also think that the

3 percentage, you know, either of our tests provide -- our

4 demonstration projects prove satisfactory, there has been

5 discussion of up to 100 percent of the buses, I think the

6 question as to the percentage here, seems to be very, very

7 low.

8 COMMISSIONER CROWLEY: However, we felt too,

9 after looking at staff's recommendation, that they had a

10 good point in small districts having to be obligated to

11 buy units of buses which would be very noneconomical.

12 COMMISSIONER COMMONS: Well, I would support

13 amendments to the bill, and I think if we said, support

14 if amended, and gave it back to the Committee to come up

15 with some amendments there should be, you know, no less

16 than a certain number of methanol buses in a district, and

17 there should be an exemption for small districts.

18 For larger districts that are not in compliance

19 with air pollution regulations, the percentages should be

20 substantially higher. But give it back to the Committee

21 in terms of the types of amendments and have it supported

22 if amended.

23 CHAIRMAN IMBRECHT: I think that's reasonable.

24 COMMISSIONER CROWLEY: That's appropriate from

25 the mini standpoint, particularly if you will write us a

1 little memo telling us what to look at.
2 MS. STETSON: Unfortunately, the bill is set
3 for next Tuesday, so we need to get our concerns to the
4 author by tomorrow.
5 COMMISSIONER CROWLEY: So then your position is
6 that we support with amendments rather than oppose unless.
7 COMMISSIONER COMMONS: Yeah, and the two main
8 amendments, I think, or three main amendments is -- one
9 is an exclusion for districts that have, you know, very
10 methanol buses because it's just totally noneconomic.
11 For areas that are in noncompliance, that the
12 percentage should be higher, and that there should be the
13 demonstrations before.
14 COMMISSIONER CROWLEY: Okay, thank you. Those
15 are noted.
16 CHAIRMAN IMBRECHT: All right, I can't go with
17 that, but go ahead.
18 COMMISSIONER GANDARA: I just wanted to note that
19 the Committee's position of oppose unless amended really
20 came forth from -- as an endorsement of the staff position.
21 The staff position -- the staff who is clearly in favor
22 of the program, and so forth, I think I have serious
23 reservations about the bill, and serious reservations that
24 this would not really be helpful to the methanol program,
25 that in fact, it would backfire.

1 So again, it depends whether you want to work
2 with it, or whether you really make an assessment as the
3 staff did, that it more seriously jeopardizes methanol
4 as opposed to --
5 CHAIRMAN IMBRECHT: I frankly am inclined to
6 go with the Committee's recommendation with a few of those
7 other caveats about making sure that the communication, or
8 letter that goes over makes it very clear as to our support
9 of methanol, and what we're doing in the context of
10 methanol development, and that we believe that first we
11 should get the results of our existing tests, and secondly,
12 that there should be a wider skill test before an actual
13 mandate is imposed upon every transit district in the
14 state, and I think we also ought to perhaps point out some
15 of the other difficulties associated with providing an
16 adequate fueling network, et cetera.
17 COMMISSIONER CROWLEY: For smaller districts.
18 CHAIRMAN IMBRECHT: Exactly. But make sure that
19 there's ample verbage in there that makes it clear that
20 we're not opposing methanol, or methanol bus development.
21 COMMISSIONER COMMONS: Okay.
22 COMMISSIONER CROWLEY: No. Onward?
23 CHAIRMAN IMBRECHT: Onward.
24 COMMISSIONER CROWLEY: SB 1884, the Garamendi
25 bill, energy exports will be heard on the 10th. The

1 feeling of the Committee was support with amendments which
2 would focus on foreign customers and staff funding for
3 this project, and Commissioner Gandara had a further
4 comment regarding the membership on the trade --
5 COMMISSIONER GANDARA: The information presented
6 to us at the time that the Committee considered the bill
7 was that the bill had been amended to include a --
8 MS. STETSON: Would be amended.
9 COMMISSIONER GANDARA: Or would be amended.
10 MS. STETSON: And I believe it has been.
11 COMMISSIONER GANDARA: Well, I believe -- was
12 amended to include the Chairman as a member of the World
13 Trade Commission since we are directed to work fairly
14 closely with the World Trade Commission. My amendment is
15 not --
16 CHAIRMAN IMBRECHT: Put me on the World Trade
17 Commission?
18 COMMISSIONER GANDARA: Yes. My amendment is not
19 to preclude that possibility, but simply to offer more
20 possibilities in that a member of the Commission would
21 sit on the World Trade Commission, to be selected by the
22 Commission.
23 COMMISSIONER CROWLEY: This is an unamended --
24 COMMISSIONER GANDARA: Yeah, it's not in the
25 materials.

1 CHAIRMAN IMBRECHT: It's what?
2 COMMISSIONER GANDARA: It's not in the materials
3 you have, but it was amended.
4 COMMISSIONER CROWLEY: It was amended between
5 our -- between the printing of this bill and putting in
6 our --
7 CHAIRMAN IMBRECHT: This is Senator Garamendi's
8 bill?
9 MS. STETSON: Senator Garamendi wants to put the
10 Chairman of the Energy Commission on the World Trade
11 Commission, better coordination for the exporting of energy
12 programs, and products, and I think what Commissioner
13 Gandara is saying is that he would like a member to be
14 selected from the Commission to be put on the World Trade
15 Commission.
16 Now, I believe also that the Committee, the
17 Legislative Policy Committee wanted to relay to Senator
18 Garamendi that we couldn't accomplish everything that was
19 required by his bill with $50,000, and that we should try
20 to shift the direction of the bill to bring forth --
21 COMMISSIONER GANDARA: Commissioner Crowley
22 mentioned that.
23 MS. STETSON: I'd like to expand on that, because
24 I've talked to their staff, and they think that's fine to
25 do in addition to what this bill requires, but they will

1 not accept that as amendments to the bill.
2 So, we'll make that position known and they'd
3 like any kind of -- they've indicated to me if we don't
4 want to do the workload, then we should tell them that,
5 they will give it to the Department of Economic and
6 Business Development to coordinate with us if that's fine
7 with us.
8 COMMISSIONER CROWLEY: Well, wanting the funding
9 level is not the same as not wanting to do it.
10 MS. STETSON: No, I indicated that we think it's
11 legitimate, necessary work, and so forth, but that we
12 didn't have the staff that had expertise in export laws and
13 things such as that that we had a lot of expertise in the
14 energy area which could be utilized, and maybe an agency
15 that dealt with export laws could coordinate that, such as
16 staff at the World Trade Commission. They don't want to
17 give it to the World Trade Commission.
18 COMMISSIONER CROWLEY: Well, in any event the --
19 as discussed at the Legislative Committee, we felt their
20 involving the CEC in it was appropriate where our expertise
21 and knowledge could be helpful, and that we supported the
22 1884 with amendments.
23 Shall I go on to 2102?
24 CHAIRMAN IMBRECHT: Yes.
25 COMMISSIONER CROWLEY: Senate Bill 2102 is the

1 GRDA program expansion, and we discussed this and were
2 opposed to this because we felt that the funding was going
3 down, and that to expand the program at this time might
4 jeopardize some of the truly GRDA related programs.
5 CHAIRMAN IMBRECHT: Wait, funding for GRDA is
6 going up not down.
7 MS. STETSON: No, it's going down. We anticipate
8 about a million dollars next year. We had 4.5 this year,
9 and that was because of a general fund carryover of about
10 $2 million. I believe it states in your analyses, on the
11 top of the second page, but that we expect only a million
12 in 85-86 with a cumulative total of $2.5 million from
13 '85 through the end of the program.
14 Staff felt a minimum of $1.5 million was necessary
15 to carry out the GRDA mandates, and it wasn't -- either this
16 bill should be augmented, have more funding if it's going
17 to be expanded, or keep the funding -- excuse me, keep the
18 requirements of the program limited as they are now.
19 I believe the Committee recommended just a
20 straight oppose to the bill.
21 COMMISSIONER GANDARA: I think another concern
22 was that it broadened, you know, who could --
23 MS. STETSON: Broaden the applicants, right.
24 COMMISSIONER GANDARA: -- who could dip into the
25 GRDA funds.

1 COMMISSIONER CROWLEY: That we felt was inappro-
2 priate given the financial constraints in our policy.
3 COMMISSIONER GANDARA: And we were given the
4 additional information that Senator Dills, you know, was
5 interested in what our views were, and could have
6 substantial effect.
7 CHAIRMAN IMBRECHT: Sure.
8 COMMISSIONER CROWLEY: Then our packet included
9 three bills for consent items, SB 1955 on power plants,
10 SB 2028 on local energy ordinances, and AB 3078, the
11 utility rates bill, all of which the Committee was neutral
12 on, so we have included those as a consent list.
13 COMMISSIONER COMMONS: We have to raise them,
14 they're consent, I guess.
15 COMMISSIONER CROWLEY: Sure, help yourself.
16 COMMISSIONER COMMONS: I think we have some
17 public comment on one of them.
18 COMMISSIONER CROWLEY: Which one do you want to --
19 COMMISSIONER COMMONS: I don't know. But I'm
20 concerned on both 2028 and --
21 COMMISSIONER CROWLEY: That's the Dills bill on
22 local energy ordinances.
23 COMMISSIONER COMMONS: And let's see, what was
24 the other one you had?
25 COMMISSIONER GANDARA: Can we act on the first

1 set, I'm under time constraints.
2 COMMISSIONER CROWLEY: You want to do the first
3 batch first.
4 COMMISSIONER GANDARA: I'm under a time
5 constraint, so I'd like to do the first seven.
6 COMMISSIONER CROWLEY: Okay, do you want to
7 offer that motion.
8 CHAIRMAN IMBRECHT: Okay. Moved by Commissioner
9 Crowley, seconded by Commissioner Gandara that we adopt
10 the positions as recommended by the Committee. Is there
11 objection to a unanimous roll call?
12 COMMISSIONER GANDARA: Well, just one clarifica-
13 tion, I wasn't sure whether that clarification on number
14 6 which you asked me to make was the Committee's --
15 COMMISSIONER CROWLEY: No, that was your
16 recommendation, however, --
17 COMMISSIONER GANDARA: Is that going to be
18 incorporated?
19 COMMISSIONER CROWLEY: Yes, that will be
20 incorporated into the report.
21 COMMISSIONER GANDARA: Fine, I second.
22 CHAIRMAN IMBRECHT: Fine, is there objection to
23 a unanimous roll call?
24 MS. STETSON: For clarification, then, we are
25 opposing SB 1986 as the Committee recommended, but stating

1 our support for methanol --
2 CHAIRMAN IMBRECHT: By the way of all the verbage
3 that I discussed.
4 Let me just ask one question, who appoints people
5 to the World Trade Council now?
6 MS. STETSON: Good question, I'd have to find out.
7 COMMISSIONER GANDARA: I think it's partially
8 set by statute.
9 CHAIRMAN IMBRECHT: Well, I'm sure it's all set
10 by statute, but I'm --
11 COMMISSIONER GANDARA: No, no, I mean the
12 members are set by statute. Like the Secretary of State,
13 I believe Chairs by statute, and I believe somebody from
14 the Treasurer's office, and so forth and so on. I don't
15 know, but I --
16 CHAIRMAN IMBRECHT: Okay. The only possible
17 concern I would have relative to your suggestion is the
18 same one that I've expressed on other issues of that nature,
19 I don't know who appoints to the World Trade Council, and
20 again, I just think from a philosophical standpoint, if
21 it's a gubernatorial appointee situation, it's inconsistent
22 to have potentially --
23 COMMISSIONER CROWLEY: The Commission do it.
24 CHAIRMAN IMBRECHT: Right. I don't know what
25 this --

1 COMMISSIONER COMMONS: I would agree with that.
2 CHAIRMAN IMBRECHT: I don't know what this-- I
3 have no factual basis, so I don't think you can --
4 COMMISSIONER CROWLEY: Well, if that is, indeed,
5 inconsistent, I would be happy to couch it in those terms,
6 that if consistent with nomination policy, or appointive
7 policy, then we would have the membership choose it,
8 otherwise no.
9 COMMISSIONER GANDARA: Well, my intent is frankly
10 that, you know, this is legislation that sets forth who
11 should be a member, and that we are an independent
12 Commission, and that the Commission should appoint and
13 decide among itself, it doesn't preclude the Commission
14 electing the Chairman, it wouldn't go into effect -- I
15 mean representing the Commission. It wouldn't go into
16 effect until next year anyway, so clearly there'd be no
17 substantial --
18 CHAIRMAN IMBRECHT: But Arturo, I think that you
19 miss the point. I make these statements on a philosophical
20 basis, irrespective of who is Governor, frankly. I just
21 think --
22 COMMISSIONER GANDARA: Well, so do I, I think
23 the independence of the Commission is philosophical.
24 CHAIRMAN IMBRECHT: Okay, well you and I have
25 different perspectives on that then. Independent commission

is fine, but on the other hand, if you've got a body that is composed of gubernatorial appointees, I think it's potentially --

T.11 COMMISSIONER COMMONS: Is the Energy Commission now represented?

CHAIRMAN IMBRECHT: No.

COMMISSIONER COMMONS: Did we get an appointment?

CHAIRMAN IMBRECHT: No, we did not.

COMMISSIONER COMMONS: So this would be something entirely new for the Commission.

CHAIRMAN IMBRECHT: For the World Trade Commission, yes.

COMMISSIONER COMMONS: So then there is no existing gubernatorial appointment from the Energy Commission on this matter?

CHAIRMAN IMBRECHT: There is not, no.

COMMISSIONER COMMONS: All right. Then I have no problem with Arturo's -- it's not a change in terms of what is. It's not taking something away from the Governor.

CHAIRMAN IMBRECHT: All right, that's a concensus.

COMMISSIONER CROWLEY: Then the -- that was under discussion of the motion is that correct? Are we still under the --

CHAIRMAN IMBRECHT: It's clear we have three votes for Arturo's position.

1 COMMISSIONER CROWLEY: Yeah, but then I'm saying
2 we still haven't voted on the package.
3 CHAIRMAN IMBRECHT: No, I'm just asking, is
4 there objection, then, to the motion as before us? If
5 there is no objection, 5 to 0 on those seven items.
6 COMMISSIONER CROWLEY: Okay. Then I would like
7 to ask if Commissioner Gandara can stay, and we do the
8 other packet, and then do the consent items.
9 CHAIRMAN IMBRECHT: The other packet?
10 MS. STETSON: Yes, there is a second packet,
11 and there is a new agenda that should be inserted.
12 CHAIRMAN IMBRECHT: What is the time constraints
13 on those? We have an executive session we have to hold
14 on a most important matter tonight.
15 MS. STETSON: These are very quick items.
16 COMMISSIONER CROWLEY: They all --
17 CHAIRMAN IMBRECHT: These things are never quick,
18 Luree, so --
19 MS. STETSON: There is a time constraint on --
20 there is a time constraint. Three of the bills are set
21 for Tuesday and the Craven proposal has to go forward,
22 the budget process.
23 CHAIRMAN IMBRECHT: Where is this second packet,
24 I don't see it.
25 MS. STETSON: It should be in the back of your

1 package, if not, I have an extra packet here. It should be
2 dated April 4th, and it's a series of six bills, two on
3 consent. It should start Craven Proposal is number one.
4 But I think Mr. Prosser is here to talk about --
5 CHAIRMAN IMBRECHT: Let's take the other package
6 of consents since we do have somebody that wants to
7 testify on them.
8 COMMISSIONER CROWLEY: Okay. We have three
9 bills on that list. The first one is the Rosenthal bill
10 which we were neutral on, is that one that somebody wants --
11 CHAIRMAN IMBRECHT: No, I think the item is
12 item number 9, SB 2028 by Senator Dills.
13 COMMISSIONER CROWLEY: Okay, the local energy
14 ordinance.
15 COMMISSIONER COMMONS: Well, one second, before
16 you pass the other concern, I'm sorry, but why -- the
17 staff supports and the Committee was neutral.
18 COMMISSIONER CROWLEY: Well, let me get to it
19 here.
20 CHAIRMAN IMBRECHT: On 1995?
21 COMMISSIONER COMMONS: On 1955.
22 COMMISSIONER CROWLEY: Oh, the reason was that
23 the staff report dealt with the substance of this matter
24 and our feeling was that it was a Public Utilities
25 Commission internal thing, and also they had administrative

leave to do it presently, and therefore, we did not -- the Committee did not feel it was appropriate for us to have an opinion about locking one of their prerogatives into --

COMMISSIONER COMMONS: The PUC has not made a request to us for their support.

MS. STETSON: No, they haven't.

COMMISSIONER COMMONS: Okay.

MS. STETSON: We've been talking to them about the bill though.

COMMISSIONER COMMONS: Fine, if they haven't made a request for support, I have no problem with a neutral position.

CHAIRMAN IMBRECHT: Okay. Now, SB 2028.

COMMISSIONER CROWLEY: Is the Dills bill.

CHAIRMAN IMBRECHT: This is an issue which I think four of us are relatively familiar with.

COMMISSIONER CROWLEY: This had to do with redoing the standards, and --

CHAIRMAN IMBRECHT: We've had extensive discussions about this in --

COMMISSIONER CROWLEY: The Commission response to any petition for review regardless of any finding on a previous petition on the same standard.

MR. PROSSER: Mr. Chairman, members of the Commission, my name is Jim Prosser, California Spa and Pool

1 Industry Council. We're the sponsors of Senate Bill 2028,
2 and in its amended form, the April 2 version, the bill
3 does not impose any new responsibilities on the Energy
4 Commission, however we feel it's very important for the
5 Energy Commission to take a support position for two basic
6 reasons.
7 We feel that the amendments contained in the bill
8 will provide consistent energy policies throughout the
9 state. Right now you have a situation in which local
10 jurisdictions when they enact local energy conservation or
11 insulation standards, number one have to make a finding
12 of cost-effectiveness, and then they file that with the
13 Commission, and the Commission makes a finding about
14 diminution of energy.
15 Well, depending on the time at which they make
16 their finding of -- the determination of cost-effectiveness,
17 there are other different factors involved. Now, you could
18 have jurisdictions which several years ago made findings
19 of cost-effectiveness on -- as to a particular standard
20 where that same standard could not now be found to be
21 cost-effective.
22 Thus, the new jurisdiction could not adopt a
23 similar standard. So what we've proposed to do by way
24 of 2028 is suggest that after a passage of time, it is
25 contained in the bill, two years, that an affected party

1 could present a petition to the city or county suggesting
2 that there has been a substantial change in the factors
3 which go to make up their determination of cost-effectiveness
4 and that they should redo it.
5 If they redo it, and they find it cost-effective,
6 fine, the standard stays in effect. If they redo it, and
7 they find it is not cost-effective, that the standard does
8 not continue on.
9 Now, the second thing that the bill does is
10 there's a problem that came up in the context of the City
11 of Stockton proceeding, and that is just a simple clarifica-
12 tion that when the city or county makes a determination of
13 cost-effectiveness, they have to do it at a public meeting.
14 Now, the amendments as contained in the April 2
15 version of this bill were agreed upon with the League of
16 Cities, League of California Cities in consultation during
17 the past two weeks. So we know of no opposition in the
18 bill, inasmuch as it deals with energy policies in this
19 state, and amending the Warren-Alquist Act, we feel it's
20 important that the Commission take a position.
21 We feel this is sound statewide energy policy.
22 CHAIRMAN IMBRECHT: Commissioner Commons?
23 COMMISSIONER COMMONS: Well, compared to -- we
24 have 348 people in this Commission, and to allocate -- even
25 if we were to go as a Commission and request that we would

1 have 9 PY for this activity, to me there are a lot of
2 activities --
3 CHAIRMAN IMBRECHT: Where do you see that estimate?
4 COMMISSIONER CROWLEY: Pre-amendment.
5 MS. STETSON: No, let me interrupt. The analysis
6 does not reflect the bill as it currently is in print until
7 you get to the last page which is the recommendation. The
8 bill was being amended after we analyzed the bill, and
9 the staff suggested with the amendments that Mr. Prosser
10 has indicated that the Commission should support the bill.
11 I believe that the Committee indicated that this
12 wouldn't have a direct impact on the Commission and we
13 should be neutral.
14 COMMISSIONER COMMONS: Well, it says -- I see
15 9 PY in here.
16 COMMISSIONER CROWLEY: Below the proposed to
17 be amended, it reflects the present form of the bill at
18 the very last of the last page. There is a recommendation,
19 and then the bill was amended, and then there is a
20 modified recommendation as proposed to be amended, then
21 there is a support position by staff, and that was what
22 we had at our meeting, and we felt that because of its
23 lack of impact on the Commission that we should maintain
24 a neutral position although the amendments were fine.
25 COMMISSIONER COMMONS: Well, anything that has to

1 come to this Commission on a cost-effectiveness analysis
2 I suggest has a PY cost and has to be considered by us.
3 CHAIRMAN IMBRECHT: The petitioning party would
4 pay for the cost of the additional review.
5 MS. STETSON: That doesn't change that.
6 MR. PROSSER: Well, it has no impact on the
7 Commission in terms of cost-effectiveness. The provisions
8 of the bill which related to that which in essence said
9 that the Commission would concur in the local determination
10 of cost-effectiveness have been removed from the bill.
11 We have agreed with the League and with the
12 Commission that the determination of cost-effectiveness
13 should be made at the local level, and all we're doing is
14 reinforcing that by saying, okay city or county, if there's
15 been a substantial change, we'd like the right to petition
16 to you to redo that study, and then you decide again.
17 As you know, there are a number of standards that
18 are in effect where the cost-effectiveness was predicated
19 on the existence of substantial tax credits which no longer
20 exist. Now, we feel in those instances that those juris-
21 dictions should look again at the issue of cost-effectiveness.
22 COMMISSIONER SCHWEICKART: Mr. Prosser, let me --
23 or Luree, I want to understand what the current bill form
24 is that we're voting on. Does the -- and don't give me
25 dates or hand me a piece of paper, I've got to get an

1 answer here.
2 Is the Commission involved at all in this
3 process? What is the Commission's responsibility under
4 this new bill?
5 MS. STETSON: Under the new bill, everything
6 remains the same, current law.
7 CHAIRMAN IMBRECHT: They continue to file with
8 us, and so forth.
9 COMMISSIONER SCHWEICKART: Oh, let's be for it
10 if it's current law, then.
11 MS. STETSON: Yeah, everything is current law.
12 However, it allows an applicant to go back to the local
13 government, not to the Energy Commission, as the original
14 bill proposed.
15 COMMISSIONER SCHWEICKART: But isn't that a
16 tautology? Don't people have the right to go back to local
17 government on any issue they want at any time they want
18 with a petition? Or does it preempt the local government's
19 right to deny a petition.
20 MR. PROSSER: No, it does not.
21 COMMISSIONER SCHWEICKART: Then what power does
22 it provide, I mean, that's what I want to know.
23 MR. PROSSER: What it states is that if there has
24 been a substantial change in the factual circumstances
25 affecting the determination, and let me point out that that

1 was language suggested by Russell Selig of the League of
2 California Cities.
3 So if a person petitions the local jurisdiction
4 and can show to them that there has been a substantial
5 change in the factual circumstances affecting the cost-
6 effectiveness determination, that they just have to do a
7 new cost-effectiveness determination. It doesn't say they
8 have to repeal the standard, it just says they have to do
9 a new cost-effectiveness determination.
10 If the result of that new cost-effectiveness
11 determination is that it's not cost-effective, they can't
12 enforce the standard. The importance --
13 COMMISSIONER SCHWEICKART: All right. So what it
14 does, then, basically, is it requires local governments to
15 make a finding whether or not there have been substantial
16 changes if they make the finding yes there have been
17 substantial changes, then they must redo the cost-
18 effectiveness.
19 MR. PROSSER: Right.
20 COMMISSIONER SCHWEICKART: If they find that
21 you're out to lunch, that there haven't been substantial
22 changes, then they don't.
23 MR. PROSSER: Then they don't, that's right.
24 COMMISSIONER CROWLEY: But it's nothing to us
25 is what we were trying --

1 MR. PROSSER: And the importance of that, I think
2 to the Commission, is your overall responsibility for the
3 energy policy in this state, not only that dictated by the
4 Commission, but that which is enforced under the Warren-
5 Alquist Act by local government. It is also consistent
6 with Section 25402 of the Public Resources Code that
7 requires you to periodically review the statewide standards
8 that you adopt.
9 COMMISSIONER GANDARA: You can go back to local
10 government right now and assert that factual circumstances
11 have changed.
12 COMMISSIONER SCHWEICKART: It seems to restrict
13 your current authority.
14 MR. PROSSER: Well, let me tell you that it is
15 much more difficult, and we feel that if we do make that
16 showing that they owe us the obligation, they owe the
17 public the obligation to redo -- at least redo the study,
18 and if they cannot five, six years after the fact
19 continue to show that it's cost-effective, then who is
20 benefitting by the continued enforcement of that standard?
21 COMMISSIONER GANDARA: Why don't you go for a
22 bill, why don't you go for an assembly resolution, it's
23 easier, that just tells local governments that if asked
24 by their citizens to review a previous action that they
25 should. That's what it does.

1 COMMISSIONER SCHWEICKART: Mr. Chairman, so long
2 as local government has the option here of whether or not
3 to deal with this, I think that's fine. My problem here
4 is the opportunity of the industry to in some sense cause
5 or create a disincentive for local government energy
6 actions on the basis that they will every two years be
7 forced to redo their analysis.
8 I think that would be unacceptable. But in the
9 case where they have the ultimate decision of whether or
10 not circumstances have materially changed, I then don't
11 find a problem.
12 CHAIRMAN IMBRECHT: First let me just add, this
13 bill is obviously, because of the amendments, different
14 than what I perceived it to be, and I thought it more
15 directly addressed some of the issues that we had discussed
16 in the context of individual cases last year.
17 My suggestion is that you take it to the first
18 policy committee with a neutral position from the
19 Commission, and try to work to persuade people that you've
20 got a better case. I don't see the votes right now is
21 what it boils down to.
22 MR. PROSSER: Okay. I'll take your advice.
23 COMMISSIONER CROWLEY: Then we have a third,
24 the Chacon bill, 3078 --
25 CHAIRMAN IMBRECHT: Nobody's asking to take that

1 off of consent so without objection -- moved by Commissioner
2 Crowley, seconded by Commissioner Gandara that we adopt
3 the consent calendar on this sheet, is there objection to
4 a unanimous roll call? Hearing none, that will be the
5 order.
6 Now, then, I am -- if you could move through
7 this quickly, Luree.
8 COMMISSIONER CROWLEY: Okay. Then on the first
9 item, Senate Bill 1548, this -- at the point at which we
10 discussed bills, we had no language for this bill, and we
11 were not prepared to bring in a recommendation, however we
12 were willing to hold it for comments from Commissioner
13 Commons, do you have any, sir?
14 COMMISSIONER COMMONS: You're talking about
15 Craven's bill?
16 MS. STETSON: No, that is not in their package,
17 Commissioner Crowley. We're working on the Craven proposal.
18 COMMISSIONER CROWLEY: Oh, I'm sorry, okay. The
19 Craven Proposal, a building standards update. We believed
20 it was appropriate to support the Craven Proposal on
21 building standards update and pursue changes via the budget
22 process.
23 CHAIRMAN IMBRECHT: I would just say that my
24 general view of this, on most issues like this, where
25 there's substantial workload increases, we ought to say

1 we'll support if the bill is amended to include that
2 appropriation.
3 COMMISSIONER CROWLEY: To include it.
4 MS. STETSON: That's the purpose for the bill is
5 to give us appropriate staffing to make changes to the
6 standards and allow us to --
7 CHAIRMAN IMBRECHT: Well, you know I support
8 that and so forth, and I personally think that from the
9 perspective of moving this through Finance and the rest of
10 it, it would be a lot better to confront the issue right
11 now. This bill could get signed and then we're stuck with
12 that mandate, and we might not get the staff, and there
13 we are.
14 COMMISSIONER CROWLEY: The other thing is, it
15 isn't a bill, it's a proposal, and we were not too eager
16 to give the impression that we really wanted it put into
17 a bill and --
18 CHAIRMAN IMBRECHT: Well, Senator Craven is one
19 of the first class authors in the entire Legislature and
20 I couldn't think of anybody in a better position to carry
21 something like this, and I think he is also in a position
22 to talk in a persuasive fashion down at the corner office.
23 So, I would suggest we support this with -- if
24 it's amended to reflect the necessary PY and staff.
25 COMMISSIONER SCHWEICKART: Mr. Chairman, I would

1 like to object, and I'd like my vote counted in the negative.
2 I believe this is a very poor way to do business. We have
3 authorization, in fact we have a mandate in the act to do
4 this kind of work. We do not need legislation for it. What
5 we need is budget support both from the Legislature and
6 from the Governor. We have put in BCP's to that end, and
7 they have been rejected.
8 I believe that this essentially preempts the
9 Commission's authority in designing a responsible program
10 pursuant to the Act, and invites a patchwork approach to
11 designing the Commission's programs. I don't particularly
12 care to try and turn anybody else around, but I want my
13 vote registered in the negative on it.
14 CHAIRMAN IMBRECHT: Let's take a vote on this
15 issue alone. Moved by Commissioner Crowley seconded by
16 Commissioner Gandara, and I assume it's a report --
17 COMMISSIONER COMMONS: Can someone -- you know,
18 Commissioner Schweickart is the Presiding Member on this
19 Committee and has had a lot of experience in dealing with
20 this, and I'd like to hear a response to his concerns.
21 COMMISSIONER GANDARA: I have -- let me respond
22 to the concerns, because I have a bit of a dilemma here.
23 I very much agree with what Commissioner Schweickart said,
24 in fact, that's what I said two weeks ago at the last
25 business meeting regarding some other bills, and I wasn't

1 supported by anybody, in that I feel we ought to have our --
2 we're going to have policy bills, and we have to keep them
3 free and clean of all these sort of augmentations here and
4 there, and that we ought to argue the budget support in
5 the appropriate budget cycle.
6 So what I would like is that I -- as I said
7 before, I agree with Commissioner Schweickart, I sort of
8 find myself in a dilemma here, that you know, it is a good
9 thing to do, and I think it's something that we ought to
10 do, absent any other way of getting the funding, what
11 would be the alternative.
12 Would the alternative be -- what would be the
13 alternative, I guess, that was my question. I mean, I
14 think that overall you agree that it would be a good
15 thing to do, that we ought to do it, we have the authority
16 now.
17 COMMISSIONER SCHWEICKART: Absolutely. I have
18 no objection whatsoever to the work that's called out. At
19 the same time there is no new authority required whatsoever.
20 It is therefore, and in fact, was a part of our adopted
21 budget by the Commission, but that budget was not supported
22 by the Governor, nor is it being presented to the
23 Legislature.
24 As a result, what's happening is individuals,
25 namely in this case, Mr. Steel, feeling strongly on this

1 particular issue which was not supported in the budget, has
2 gone to a legislator for, if you will, a rifle shot type of
3 support on a particular set of things to his interest. I
4 would propose that that is not a rational way to respond
5 to existing mandates in our Act.
6 All I can say is though I support the work and
7 feel it is essential, it is an inappropriate way, I believe,
8 for this Commission to act, and it invites a repetition of
9 this in a whole series of particular interests, rather than
10 having a balanced across the board program.
11 COMMISSIONER CROWLEY: Is it possible, because
12 this is still a proposal and not a bill, it may be possible
13 to communicate with Senator Craven and work with him
14 toward having this package, of which this is but one part,
15 seriously considered as part of the budget, and not do it
16 in this fashion?
17 CHAIRMAN IMBRECHT: Let me say that, you know,
18 almost anything is possible. I'm just -- and I don't mean
19 -- I get tired after being in meetings like this so long.
20 I'll just tell you, Commissioner Schweickart, my viewpoint
21 is that if you don't succeed in one approach of trying to
22 address a given issue, you take a crack at it from a
23 different approach, and I have been through those discussions
24 ad nauseum and I am not convinced -- I'm not sure what kind
25 of response this bill is going to get, frankly.

1 But it seems to me that this is the only viable
2 alternative at this juncture, and as a consequence, I'm
3 prepared to roll the dice on it. I don't see any down side
4 to it, or --
5 COMMISSIONER COMMONS: You're prepared to
6 support it?
7 CHAIRMAN IMBRECHT: Yes. I don't see the down
8 side that you're suggesting. I don't think it's suggesting
9 that we do anything that's inappropriate or contradictory
10 on --
11 COMMISSIONER SCHWEICKART: I have no objection
12 to losing on this, Mr. Chairman, all I want to do is
13 uphold what I believe to be principal, and once in a while
14 all of us are in that position, and I'm in that position.
15 CHAIRMAN IMBRECHT: I understand. Well, I suggest
16 you cast your vote for principal, and I'm going to cast
17 mine for pragmatics.
18 COMMISSIONER CROWLEY: Well, in any event, this
19 -- the Legislative Committee did go through this.
20 CHAIRMAN IMBRECHT: Okay, let's take a vote on
21 this individual bill.
22 COMMISSIONER CROWLEY: This is the Craven
23 Proposal.
24 CHAIRMAN IMBRECHT: All right, moved by Commissioner
25 Crowley, seconded by Commissioner Gandara, to adopt the

1 Committee recommendation with requests for funding,
2 support with an amendment for funding.
3 COMMISSIONER CROWLEY: Okay.
4 CHAIRMAN IMBRECHT: Okay, now we'll take down a
5 second as a separate vote because obviously -- are there
6 any other members that wish to be recorded as no, other
7 than Commissioner Schweickart? All right, record
8 Commissioner Schweickart as no, the remainder as aye,
9 ayes 4, noes 1.
10 COMMISSIONER GANDARA: I support in concept, I
11 said.
12 CHAIRMAN IMBRECHT: I do too, I support -- and
13 I'm principaled up to a point, and then I --
14 COMMISSIONER SCHWEICKART: It's all a matter of
15 price.
16 (Everyone talks at once.)
17 CHAIRMAN IMBRECHT: When I sat on Ways and Means,
18 I gave lectures to many, many state agency heads about the
19 necessity of dealing with this in the budget process. Now
20 I'm on the other side of the table, and I --
21 COMMISSIONER GANDARA: Although I would say
22 it wouldn't hurt if it also were asserted in the budget
23 process. You know, we can still call Senator Craven, and
24 ask Senator Craven to go talk to somebody and --
25 COMMISSIONER SCHWEICKART: I would like to see

1 our Chairman represented in the budget process, frankly,
2 rather than presenting the Governor's budget, present what
3 we ask for, which would have included authority -- or
4 adequate staffing in support to do this thing.
5 CHAIRMAN IMBRECHT: Well, frankly, you have not
6 communicated that to me prior to this point in time, but I
7 would just suggest to you that we are presenting, and
8 the only thing that has been presented to any legislative
9 committee relative to the budget at this juncture is the
10 agenda of the Legislative Analyst's Office, and all of the
11 other issues remain open, and we will be called back before
12 Senate Finance to present some or all of those issues.
13 COMMISSIONER SCHWEICKART: Will you be presenting
14 the Energy Commission's adopted budget as the Commission's
15 recommendations or the Governor's budget?
16 CHAIRMAN IMBRECHT: Frankly, we haven't really
17 come to a firm conclusion on that. I'll tell you one thing,
18 I intend to present more --
19 COMMISSIONER SCHWEICKART: I'd be happy to make
20 a motion.
21 COMMISSIONER GANDARA: I'll second it.
22 CHAIRMAN IMBRECHT: Fine, youcan do what you
23 care to, but I don't think that constrains my action unless
24 you choose to designate someone else to present an
25 alternate viewpoint, and that's something that was an

1 alternative available last year, and it's one that remains
2 available this year.
3 EXECUTIVE DIRECTOR WARD: Mr. Chairman, I think
4 that the Vice Chair and the Executive Director have had
5 substantial discussions about a process, and I regret that
6 I haven't had a chance to sit down with Commissioner
7 Schweickart, but I will do that within the next two days
8 and discuss how the process is going, and maybe Commissioner
9 Gandara would like to give a couple of comments to
10 Commissioner Schweickart after the hearing and let him
11 know some of the concerns that have been addressed.
12 COMMISSIONER COMMONS: I defer to the Budget
13 Committee on this issue.
14 CHAIRMAN IMBRECHT: Thank you. There's also
15 something called tilting against windmills.
16 COMMISSIONER GANDARA: Why don't we appoint a
17 Commission employee to represent us in the budget, somebody
18 who has no choice.
19 COMMISSIONER COMMONS: Let's get on with the next
20 bill.
21 CHAIRMAN IMBRECHT: That's right, let's get out
22 of here.
23 COMMISSIONER CROWLEY: I agree. I am pleased to
24 announce that the next bill has been withdrawn from our
25 consideration, and that's my bright spot of the day.

1 Our fourth item, Senate Bill 2155, the Ayala
2 R&D Coordinating Council bill --
3 CHAIRMAN IMBRECHT: Which of those bills have
4 been withdrawn, the Leonard or the Davis bill?
5 COMMISSIONER CROWLEY: Davis.
6 CHAIRMAN IMBRECHT: What about the Leonard bill.
7 COMMISSIONER CROWLEY: I'm sorry, --
8 COMMISSIONER GANDARA: I apologize, the Leonard
9 bill is still before us, to be heard on the 10th, AB 3579.
10 Our Committee report was oppose unless amended. They
11 have stated that electricity is the state long-range
12 alternative energy policy for transportation and that
13 among other things were problems that made us feel this
14 should not be supported unless it were rather drastically
15 amended.
16 CHAIRMAN IMBRECHT: No, absolutely.
17 MS. STETSON: This directs Cal-TRANS to look at
18 alternative transportation technologies.
19 COMMISSIONER CROWLEY: After stating what the
20 best one is.
21 CHAIRMAN IMBRECHT: Declares that electricity is
22 a major long-run source of transportation?
23 MS. STETSON: Right. Preferred.
24 CHAIRMAN IMBRECHT: Preferred, that's obviously --
25 COMMISSIONER CROWLEY: Okay, so that was -- we

1 felt that that would have to be amended inside out really,
2 in before we --
3 CHAIRMAN IMBRECHT: Okay, Davis has been
4 withdrawn, 2155.
5 COMMISSIONER GANDARA: Okay, what does that mean,
6 excuse me, Davis -- the author withdrew the bill?
7 MS. STETSON: No, we are withdrawing it. It's
8 been significantly amended, we'll take it back to the
9 Legislative Policy Committee since it's not set until the
10 24th.
11 COMMISSIONER GANDARA: Okay, fine.
12 COMMISSIONER CROWLEY: Okay. The fourth bill is
13 the Ayala bill, the R&D Coordinating Council. The
14 Presiding Member was neutral on this because it was
15 available, already possible as a strategy to the PUC and
16 was internal to the PUC, and Commissioner Gandara had
17 comments, but he supported it with amendments.
18 COMMISSIONER GANDARA: Fine. My concern here was
19 that I basically -- the Commission already took the
20 position, the bill is based on the position on the letter
21 that was approved by the Commission to be sent to Senator
22 Rosenthal. So we are in a situation here where we write a
23 letter to Senator Rosenthal in response to questions by
24 him, asking him, you know, what ought to be done. He
25 takes the letter, turns it into a bill, and so now we're in

1 an odd position of saying, well, thank you, but we're
2 neutral on it. Again, I don't want to go through all the
3 details, but I think it was a good idea to begin with. I
4 think the whole Commission thought that, so I think we
5 ought to support it.
6 CHAIRMAN IMBRECHT: I'll go with you on that
7 consistency basis.
8 COMMISSIONER COMMONS: I'd better, I wrote the
9 letter.
10 CHAIRMAN IMBRECHT: All right.
11 COMMISSIONER GANDARA: You asked us to support
12 that.
13 COMMISSIONER COMMONS: Yeah, I wrote the letter,
14 but I was a minority in writing the letter, because I did
15 come back to the Commission to get their viewpoint. My
16 feeling on this one has been I'd love to see an R&D Council.
17 I'm not sure you have to tell people by legislation to do
18 it. The question is, will industry do it without our
19 putting it into legislation, and so my position is I'd
20 like to see it, but I don't feel you have to do it by
21 legislation if it's done voluntarily.
22 COMMISSIONER SCHWEICKART: I support going with
23 it, so let's move on.
24 CHAIRMAN IMBRECHT: All right, that's three votes
25 to support the bill, and so -- let me just ask, does anybody

wish to be recorded as a no on that?

COMMISSIONER COMMONS: Yeah.

CHAIRMAN IMBRECHT: All right, then on SB 2155, ayes 4, noes 1, Commissioner Commons no.

COMMISSIONER CROWLEY: Okay. Then we have two consent bills, AB 4031 the Papan bill on tax credits, and the SB 2303, the Rosenthal bill on natural gas prices.

CHAIRMAN IMBRECHT: Anybody want to discuss these?

COMMISSIONER CROWLEY: Either one?

CHAIRMAN IMBRECHT: Nope, okay. Moved by Commissioner Crowley, seconded by Commissioner Gandara that we adopt the remainder of this agenda. Is there objection to a unanimous roll call? Hearing none, ayes 5, noes none, that is the order.

Now we must recess for a brief executive session and then we will adjourn the meeting.

(Executive Session.)

COMMISSIONER COMMONS: There meeting is hereby adjourned.

(Whereupon the business meeting of the California Energy Resources Conservation and Development Commission was adjourned at 5:55 p.m.)

--o0o--

REPORTER'S CERTIFICATE

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

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

Patricia A. Petrilla

Reporter

Dated this 13th day of April, 1984.