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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION
MAY 3 1984
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BUSINESS MEETING
EXECUTIVE DIRECTOR'S REPORT ON
FY 1983/84 3rd QUARTERLY WORK PLAN REVIEW

1516 NINTH STREET
1st FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 2, 1984
6:00 P.M.

Reported by: Patricia A. Petrilla

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COMMISSIONERS PRESENT

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

STAFF PRESENT

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

PUBLIC ADVISOR'S OFFICE

- Ernesto Perez

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P R O C E E D I N G S

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3 COMMISSIONER GANDARA: Could we get started?

4 EXECUTIVE DIRECTOR WARD: While Dale is passing
5 out some of the extra summaries, we had as the Chairman
6 indicated, a Budget Committee meeting last week. Segregated
7 those issues that we thought were most important as a
8 matter of policy to the Commission and certainly to each
9 of your prospective policy committees and responsibilities.
10 Rick is prepared to go over that. I know he has been
11 talking to the Commission staff, advisers and Commissioners
12 as well, regarding the concerns that they laid out. The
13 advisers were all present at the meeting and any additional
14 concerns or problems that you have, we're prepared to dis-
15 cuss today. Rick.

16 COMMISSIONER GANDARA: Thank you Mr. Ward. Just
17 let me interject here. If in your judgment our gentleman
18 who has been providing some oversight in the back, if he
19 can go home, I think that he would appreciate that. I
20 don't know whether the concern we had is over but you might
21 want to --

22 EXECUTIVE DIRECTOR WARD: We might rely on the
23 Committee's judgment.

24 COMMISSIONER SCHWEICKART: We just figure there
25 is not much more before we all head off anyway.

1 COMMISSIONER GANDARA: Okay. Fine. Okay,
2 never mind. Go ahead.

3 MR. DONALDSON: Commissioners what I'd like to
4 do it really briefly just describe what the process was
5 and then what we'll do is we'll invite the divisions to
6 present what are the remaining issues.

7 Very briefly then, on the 4th of April, the
8 Third Quarter Review package was distributed to the
9 Commissioners and their staff, consisting of a summary of
10 activities and issues, status of deliverables and status of
11 the current year contracts.

12 The items were followed up on the 12th by a
13 distribution of the quantitative management information
14 report and a summary of major issues. As you may recall,
15 the management information system is designed to reflect
16 the person year expenditure information as gathered from
17 the Commission's time sheets for each of the projects that
18 the Commissioner allocated resources to during the work
19 plan process.

20 On April 17th the Budget Committee met to review
21 the status of the Third Quarter work plans with the
22 division chiefs, small offices, and with the Commissioner's
23 advisers present. Based on that Committee's review, there
24 were a certain number of major issues that remain and are
25 being brought forward today. What I'd like to do is to

1 begin by calling the divisions one at a time, beginning
2 with the Assessment Division, unless you have any questions
3 on the process itself. If not, I'll ask maybe Thom
4 to join me.

5 CHAIRMAN IMBRECHT: Okay. Mr. Kelly.

6 MR. KELLY: I'll just hit some of the high
7 points. The most important probably of the points that
8 we had was the OIR-II discussion and that's essentially,
9 the presentation I would make is the same that Commissioner
10 Commons made in his committee report that we're proposing
11 to provide information to the PUC in their OIR-II proceeding
12 to try to get them to use our information as part of the
13 CFM and BR process in their proceedings and we're going
14 to come up with some schedules for using our information
15 in their proceedings and potentially our models and our
16 methodology in their Phase One before the end of this year
17 and that's a proposal that's consistent with our electricity
18 report schedule we worked out with Commissioner Commons.
19 The means for providing the financial analysis that's
20 needed for the preliminary report and having it included
21 in there. So this will not represent a problem with
22 deliverables on our staff work.

23 The effect of the delayed CFM submittals is not
24 going to be major from a demand side perspective because
25 the information will not be considered in committee hearings

1 until much later in the year. So our forecast is proceeding
2 on schedule and we don't need their forecast to evaluate
3 at this point either.

4 CHAIRMAN IMBRECHT: Yes. Is there objection to
5 the recommended action, which is to refer this issue to the
6 Policy Committee?

7 COMMISSIONER COMMONS: To which item are referring?

8 CHAIRMAN IMBRECHT: This is the question of
9 allocation of staff for OIR-II versus the supply and demand
10 report.

11 MR. DONALDSON: What we were hoping was that we
12 would just get an answer today.

13 CHAIRMAN IMBRECHT: Oh, okay. Excuse me, well
14 I thought from the recommended action that that was what
15 you were requesting.

16 MR. DONALDSON: Okay. Well with all the
17 Commissioners present, we would hope that the issue would
18 be resolved.

19 CHAIRMAN IMBRECHT: Okay. You want to frame it
20 for us specifically Thom?

21 MR. KELLY: Shall we proceed to prepare the
22 information needed for intervention in the OIR-II to make
23 sure that our data methods and basic approach are used by
24 the PUC for OIR-II?

25 COMMISSIONER GANDARA: Versus?

1 MR. KELLY: Versus spending all the other
2 resources or time. Not getting involved in that and letting
3 the PUC use the utility information and models and instead
4 have our staff work on some other aspects of the preliminary
5 report.

6 COMMISSIONER COMMONS: Could you frame that in
7 terms of what you feel is the incremental PY impact that
8 would be diverted from otherwise CFM work on the electricity
9 report?

10 MR. KELLY: Well the principal impact --

11 COMMISSIONER COMMONS: The way it's been
12 presented to me is, it does not involve any substantial
13 change in the amount of work that we do. There is a shift
14 in terms of the order of the work that is undertaken.

15 MR. KELLY: That's right. Instead of doing the
16 financial work now and more of the ORI-II detail in the
17 fall, to accommodate our schedule, we'll do the ORI-II
18 detail work now and the financial analysis in the fall.
19 The biggest change will be in management attention devoted
20 to it.

21 CHAIRMAN IMBRECHT: I opt for the latter, namely
22 to proceed with the OIR-II. I think we've got a symbolic
23 commitment to try to participate in the PUC proceedings.
24 I'll phrase that as a recommendation. Are there objections?

25 COMMISSIONER GANDARA: Well let me just restate

1 my point of view. I raised it before with the Commission
2 so I won't -- I'll be brief. I won't be very long. But
3 again I noticed that the two items that I identified here
4 during our first work plan discussion as "black holes",
5 you know, were the SCE load management case and the OIR-II,
6 both of which we have some discretion as to how much we
7 would be involved in. I noticed that my concerns have come
8 to pass and we do sort of see that it's a choice of one
9 versus the other. I think that we have a principal
10 responsibility on the CFM process. The OIR-II is dis-
11 cretionary. So my feeling would be, as it has been before,
12 that the highest priority be given to our own statutory
13 mandates to the extent that we can, we ought to participate
14 in OIR-II. The difficulty with that kind of recommendation
15 is that to the extent that we can leaves a wide amount of
16 discretion to really doing the OIR's.

17 You know I frankly sort of feel that this OIR-II
18 will continue to consume resources. I feel as I did the
19 First Quarterly Review, that it ought not to be really part
20 of our process right now.

21 CHAIRMAN IMBRECHT: Further comments?

22 COMMISSIONER SCHWEICKART: I guess that I don't
23 understand that there is in fact a conflict. It sounds
24 to me as though what we just heard from Thom is that we
25 have an ordering or a reordering of work but that it is

1 not a matter of either/or and what I heard Commissioner
2 Gandara address is an either/or situation. Could someone
3 clarify that a bit? Is it either/or or is it shifting
4 the order in which the BR work gets done?

5 MR. KELLY: It's principally shifting the order.
6 The problem is that we will have to spend some time, largely
7 management time, but some technical staff time, in hearings
8 and workshops with the PUC and their process. That amounts
9 to a few weeks over the next six months. But the timing
10 of that is important because we already have set up a
11 schedule for the preliminary report and the staff integrated
12 supply demand report and to make the inputs we need for
13 each one of those, we need to allocate when we're going to
14 spend this time.

15 We would sort of prefer to spend it after fall,
16 because the major crunch is on us right now for the
17 integrated supply demand report. Since we can't do that,
18 we're proposing just take this few weeks of staff time,
19 spend it now in these hearings and then the hearings will
20 be over August 31st, and that's our proposal at least to
21 the PUC. At that point then we'll just continue to work
22 on the preliminary report into which this would feed.

23 CHAIRMAN IMBRECHT: Let me suggest that I think
24 I share Commissioner Schweickart's understanding of what
25 you're saying. Let me suggest that if at any point in your

1 judgment it becomes an either/or issue, then I would
2 suggest you immediately report that to the Budget Committee.

3 MR. KELLY: Yes, sir.

4 CHAIRMAN IMBRECHT: And at this juncture where
5 it's not an either/or then I would suggest you proceed as
6 you indicated.

7 COMMISSIONER COMMONS: With the proviso that it
8 is understood that there is some staff time that is
9 required to attend the appropriate hearings at the PUC.

10 CHAIRMAN IMBRECHT: Oh I understand that. But
11 I'm taking all that into consideration. If it becomes an
12 either/or, if it shifts in that context then --

13 COMMISSIONER COMMONS: Okay. I misunderstood
14 how you were phrasing either/or. Okay.

15 CHAIRMAN IMBRECHT: Yes, okay.

16 COMMISSIONER SCHWEICKART: Thom, could you say --
17 and I really don't want to take a lot of time, but just
18 since we're here, can you put 30 seconds into saying what
19 the specific OIR-II decision process is now leaning to?
20 Is this the long-term contract?

21 MR. KELLY: No, this is the first step in that
22 direction. All they're trying to do right now is to set
23 up a procedure by which all of that can be determined.
24 We won't have to provide any final numbers, short-term,
25 long-run, that sort of thing. What they're concerned about

1 is what assumptions should they use and what sort of basic
2 approach should they use? Should they use --

3 COMMISSIONER SCHWEICKART: But this is with
4 regards to the long-term contracts, right?

5 MR. KELLY: Yes that would be a part of it but
6 that would be decided much later. This is just Phase One.
7 They have I think three phase that they're trying to work
8 through and Phase Two would begin after December.

9 CHAIRMAN IMBRECHT: Okay. Moving right along.

10 MR. DONALDSON: That's all the issues for
11 Assessment's Division. Conservation Division is next.

12 CHAIRMAN IMBRECHT: Wait a mintute. Are there
13 questions relative to assessments?

14 COMMISSIONER COMMONS: Yes.

15 CHAIRMAN IMBRECHT: Commissioner Commons.

16 COMMISSIONER COMMONS: We had I believe in our
17 work plan a contract for peer review and I haven't noted
18 that coming either before the Committee or the Commission.
19 What is the status on that contract?

20 MR. KELLY: Per Commissioner direction in August,
21 the five Commissioner direction, we diverted the principal
22 majority of that contract to EDP support for the forecast
23 for this year. And we diverted the remaining \$10,000 to
24 purchases of data should that become necessary and that's
25 where it stands.

1 CHAIRMAN IMBRECHT: I recall that recommendation
2 from the division.

3 COMMISSIONER COMMONS: From the division? I don't.

4 CHAIRMAN IMBRECHT: And we all agreed to it.

5 COMMISSIONER COMMONS: We all agreed to it. You
6 recall that too, okay.

7 In the GTA area, I note that we have a significant
8 deficiency in both the Commercial Status Report, well
9 particularly in the Commercial Status Report and I also
10 noticed in the monthly review that that report is signifi-
11 cantly delayed.

12 Where do we stand there?

13 MR. KELLY: Well we have improved GTA status,
14 personnel status quite a bit. Do I mention names or just
15 go into numbers?

16 MR. DONALDSON: Just go into numbers.

17 MR. KELLY: We have a significant number of people
18 come to that project. We only have at the present one
19 vacancy in the professional ranks in GTA and we have some
20 leads on filling that one. So that the comments in the
21 comment column that the schedule is being developed, means
22 that we are now working on it and we're going to try to
23 accelerate the completion of those projects. Under any
24 schedule that we can foresee, they will all be ready in
25 time to be included in the Biennial Report which is the

1 natural and mandated outlet for them.

2 COMMISSIONER COMMONS: Now just so I can
3 follow the rest of the report that goes on, when it says
4 29 percent, 2.5 years, using our MIS codes we are at this
5 time having had 29 percent less than we were supposed to
6 have charged against that code, is that the meaning of that?

7 MR. KELLY: Without looking at the precise number
8 that you're referring to --

9 MR. DONALDSON: No, I would say Commissioner that
10 that 29 percent represents the total that's expended against
11 that item and that in apposition to 75 percent which is
12 where we should be right now.

13 COMMISSIONER COMMONS: Oh, well that -- so that
14 means that in that area where we have been spending less
15 than half of what we ought to have.

16 MR. KELLY: That's correct.

17 COMMISSIONER COMMONS: In the last quarterly,
18 like on conservation quantification, I go up on the demand
19 series, that means we've spent less than one-third as to
20 what we ought to have spent on that and this was one of the
21 few issues that we discussed at great length when we went
22 though the work plans and unanimous Commission support for
23 doing that effort.

24 MR. KELLY: Yes, we've handled the conservation
25 quantification to the extent we've had the personnel to do

1 it. We've had some vacancies and we are preparing a
2 forecast.

3 COMMISSIONER COMMONS: I have a feeling that
4 your interpretation is incorrect that it's 23 percent.

5 MR. KELLY: That is, in this case you're quite
6 right. Some of the work is a matter of individual
7 interpretation about whether it's spent on forecasting or
8 how much is spent on conservation quantification and we
9 don't like to have them separated because of that particular
10 problem. We see it more appropriate to have them bunched
11 together as all part of forecasting because we have to do
12 the quantification part of conservation as well as prepare
13 the forecast models and so it is in truth somewhat
14 arbitrary in how we break it out.

15 COMMISSIONER COMMONS: Well before we resolve the
16 fourth quarter, I want to identify for the Commission
17 one of the real concerns I have right now and just based on
18 the earlier statement that on the OIR CFM we are concerned
19 about alternatives that would change or delay the
20 schedule. I want to identify for the Commission one area
21 that we are in a serious deficiency, in my opinion right
22 now, and that's in the area of conservation quantification.
23 I think that shows in terms of 23 percent of 2.1 PY and
24 I'd like to come back to that after we do the Conservation
25 Division because based on previous Commission action we

1 have integrated conservation quantification between the
2 two divisions and we're going to have a very serious
3 problem I think unfolding later on this summer and this
4 fall, affecting our ability to appropriately handle that
5 element of the forecast.

6 CHAIRMAN IMBRECHT: How are we coming in terms
7 of filling those vacancies?

8 MR. KELLY: I expect to be able to hire somebody
9 to fill those positions in the late fall.

10 COMMISSIONER COMMONS: We will not --

11 CHAIRMAN IMBRECHT: In the late fall, why so
12 long? I thought we had exams on all of our vacancies.

13 MR. KELLY: The exams will not be given until
14 roughly September and it takes quite a bit of time to
15 hire once the exams are given.

16 COMMISSIONER COMMONS: In the --

17 CHAIRMAN IMBRECHT: Wait. Just a second.

18 COMMISSIONER COMMONS: I'm sorry.

19 CHAIRMAN IMBRECHT: I was under the impression --

20 MR. KELLY: We've had to put --

21 CHAIRMAN IMBRECHT: -- that we had a schedule
22 presented to the Budget Committee that indicated that all
23 of the exams for the open classes were no later than July
24 was the last one.

25 MR. DONALDSON: No, I'm not sure that represents

1 all of the exams that we need in the Commission.

2 CHAIRMAN IMBRECHT: Is that right?

3 MR. DONALDSON: That's the schedule that we have
4 at this point in time. That's as many as we can deliver,
5 given the staff that we have.

6 CHAIRMAN IMBRECHT: All right. I guess I mis-
7 understood that situation.

8 COMMISSIONER COMMONS: I can identify for the
9 Commission in terms of our allocation of resources, that
10 I've done this every quarter and it's only gotten worse,
11 not better, and that we are trying to hold to the revised
12 schedule that we have presented. But in the conservation
13 quantification if we don't accomplish that according to the
14 hearing dates which we have now scheduled out through
15 November, and the workshop dates, if we don't have that
16 element, everything else slips. The first staff forecast
17 which will come out in June already does not have the
18 requisite elements in terms of conservation quantification,
19 as should have been. The reason for it was inadequate PY
20 in this area and inadequate information presented to the
21 division so that they could do that.

22 That's going to then come back in the second
23 round of the forecast to the Committee and right now I do
24 not see a game plan that is going to solve it. I want to
25 identify it to the Commission as a very serious area and

1 I think the numbers here of 23 percent, which is a one-third
2 fulfillment in that, defines it.

3 CHAIRMAN IMBRECHT: Well, Mr. Donaldson, to the
4 extent that you can accelerate the exam, that's a particular
5 area I think would be well received by the Commission.

6 COMMISSIONER COMMONS: The fall or the late
7 summer, the ball game is over. This is an issue before us
8 in terms of fourth quarter. Because if there is any work
9 to be done on this or any efforts to solve this problem,
10 it's got to be done during the summer when we're doing the
11 demand forecast. When we go into the fall, we'll be using
12 the demand forecast and to the resource plans, we'll be
13 in the resource planning area and it will be of no avail
14 in terms of this proceeding.

15 CHAIRMAN IMBRECHT: Quick question, I mean we've
16 got roughly 25 vacancies. How many separate classifications
17 are represented there in terms of different examinations?

18 MR. RAUH: Twenty-five.

19 MR. KELLY: Twenty-five.

20 CHAIRMAN IMBRECHT: Are you serious? Oh, God, is
21 that right?

22 MR. DONALDSON: Just about. Just about. That's
23 the problem with this. We have the narrow specialties and
24 they're not transferable at this point in time.

25 EXECUTIVE DIRECTOR WARD: And in many cases the

1 divisions are assisting personnel in getting these exams
2 out. I mean, you know, they want them real bad.

3 CHAIRMAN IMBRECHT: Well put it -- well, I mean --

4 COMMISSIONER GANDARA: I would suggest you put
5 people working on OIR-II than this. (laughter)

6 CHAIRMAN IMBRECHT: Boy we get a lot of people
7 that just won't let go of the bone.

8 COMMISSIONER COMMONS: But before we adjourn,
9 I'm going to come back to this one in terms of reallocation
10 because if we don't have a forecast, we don't do conserva-
11 tion as part of the forecast.

12 CHAIRMAN IMBRECHT: All right.

13 MR. KELLY: Let me point out before you leave,
14 less a misunderstanding occur, the 23 percent that's
15 devoted to this does not mean that the rest of it was solely
16 devoted to things which you would want as conservation
17 quantification. The PY associated with this project were
18 essentially changing the models to accommodate new data and
19 new information, and ways of presenting conservation in-
20 formation and without that information there was no need
21 for us to spend the time to change the models. Okay. So
22 it's not just a one-for-one trade.

23 COMMISSIONER COMMONS: I'll go over it when we
24 come back to it. What we're not doing and what the
25 problems are. What some of the recommendations are but I

1 think it's easier to look at that in a broad picture rather
2 than take it in this instance as a --

3 CHAIRMAN IMBRECHT: Okay. But let's try very
4 hard to try and move through this.

5 COMMISSIONER COMMONS: I only will highlight those
6 things that are really major.

7 CHAIRMAN IMBRECHT: Okay. Next Ted, conservation.

8 MR. RAUH: Yes. I have just a few issues. First
9 of all to summarize and highlight for you, the first one
10 has to do with the order dealing -- or your resolution
11 passed earlier today dealing with insulation quality en-
12 forcement and the recommendation from the staff to re-
13 allocate \$25,000 into insulation quality testing work.
14 These would be two contracts which are scheduled for a
15 later business meeting this quarter, which would enable us
16 to carry out the activities that were part of that resolution
17 governing it and an effective enforcement activity.

18 COMMISSIONER SCHWEICKART: Wasn't this already
19 done Ted? Or is this a second diversion?

20 MR. RAUH: No, no, this has been through your
21 Policy Committee and it's calendered but it's just sort of
22 catching up with the -- so I don't -- it probably didn't
23 even warrant mentioning.

24 The second area has to do with the same program
25 which is insulation quality. Right now the individual, Mr.

1 Ray Hillier, who is the program, is in effect in a position
2 that's supposed to be working on the PVEA program. So I'm
3 a position short in PVEA. I had originally requested
4 authority to put Mr. Hillier into a blanket or some other
5 vehicle so that we could fill the PVEA vacancy and still
6 maintain the level necessary to carry out the insulation
7 quality program. That doesn't appear to be administratively
8 possible and so the only recourse at this point, subject
9 to a decision by you to find a position elsewhere in the
10 Commission would be to move Mr. Hillier through various
11 vacancies within the division, which would cause an
12 administrative hang-up but is possible as long as I am
13 able to still actively recruit for the seven vacancies that
14 exist in conservation in the technical area right now.

15 CHAIRMAN IMBRECHT: Okay.

16 MR. RAUH: The third area has to be with shifting
17 a vacancy temporarily from the utility systems program
18 area into the appliance efficiency activity, to ensure the
19 timely completion of the appliance program, subject to the
20 Commission's direction earlier today and in the previous
21 order instituting hearings. What we will be doing, we are
22 in the process of trying to recruit an engineer economist
23 into the load management area and would in effect make that
24 individual temporarily assigned to the appliance program,
25 with the idea that he or she would come up to speed in the

1 air conditioning area, which is a critical aspect of load
2 management and potentially a major activity in future load
3 management proceedings as the Commission further investi-
4 gates its authority in that area.

5 This would allow us to hire an individual with the
6 capabilities to do either program, but at least initially
7 ensure that we're able to complete the schedules that we
8 proposed. This has been discussed with the Policy Committee.

9 CHAIRMAN IMBRECHT: Commissioner Commons.

10 COMMISSIONER COMMONS: In the Policy Committee,
11 or at least myself, because I don't think Commissioner
12 Schweickart and I have had an opportunity to discuss it,
13 I am not in agreement with the staff recommendation here.

14 CHAIRMAN IMBRECHT: For what reason?

15 COMMISSIONER COMMONS: First of all I have been
16 able -- I know of one person, I do not know the person
17 individually, but let me let them finish and then come
18 back, because it overlaps on -- well you're talking
19 appliances and load management at the same time. I can
20 think of three or four people in the division, plus I know
21 of one person who has applied to come back to the Commission
22 if there were a job slot, who has return rights, and who
23 has previously worked in the appliance area. What we're
24 finding is there is an enormous integration in terms of
25 the work that we do on appliances overlaps and assists us

1 in trying to do our conservation quantification work, because
2 one of the major issues in conservation quantification on
3 RETO is the amount of energy that we can expect to save
4 from appliances and it's logical that the people working on
5 reviewing the various programs that we have for energy
6 conservation for appliances would be feeding that information
7 into assessments.

8 CHAIRMAN IMBRECHT: Do you have a total proposal
9 to deal with those two offices?

10 COMMISSIONER COMMONS: Yes. We should have two
11 people placed, working on the appliances to do two things.
12 One is to support the conservation quantification effort for
13 refrigerators and air conditioners as part of the electricity
14 report. So we will have at least that information on the
15 major appliances and second to have those two people working
16 on the NRDC petition.

17 CHAIRMAN IMBRECHT: Where should they be taken
18 from?

19 COMMISSIONER COMMONS: All right the one person
20 should be taken from the load management where we have
21 eight people. We have just now completed the Southern
22 California Edison rate case. We do not need to have the
23 same level of effort on the commercial load management.
24 It's not nearly as significant to this Commission as the
25 electricity report and we don't need to have as heavy in-

1 vestment. There are also -- and I haven't yet been able
2 to determine where these other two persons are. If they
3 are located on a conservation quantification program, or
4 what their actual charge number is. I believe it's 44-30,
5 but one of those two persons could also be moved over to
6 provide assistance in this area.

7 I feel that it should not be a temporary exchange
8 in terms of in the manner that is being stated here, but
9 it should be for one person at least through the end of
10 this petition and the end of the report on CFM, which will
11 probably be sometime around December to March that we're
12 going to need that assistance going through the hearings
13 and the process on the electricity report and we'll need
14 those persons to help us in terms of doing the work on the
15 petitions.

16 CHAIRMAN IMBRECHT: Ted, do you understand that
17 recommendation?

18 MR. RAUH: I'm not completely sure. I'd like to
19 just run through what I have working in the area now. We
20 have one engineer and one vacancy in which we're trying to
21 recruit an engineer. On top of that vacancy, we have an
22 additional economist on a T&D assignment working in the
23 program area and I --

24 COMMISSIONER COMMONS: That is for 60 days I
25 believe.

1 MR. RAUH: That's correct, subject to continuation
2 if the Commission so desires. In addition, I'm suggesting
3 moving an additional person or vacancy from the load
4 management area.

5 Commissioner Commons indicated --

6 CHAIRMAN IMBRECHT: So the two of you are in
7 agreement on that fourth piece of it?

8 COMMISSIONER COMMONS: No because a vacancy is
9 not a person. I've got all sorts of vacancies in Assessments
10 Division which we have discussed. None of which are going
11 to be filled. The moving of a vacancy is not a person.
12 We have work to get done. I need people not vacancies.

13 MR. RAUH: Well I have seven vacancies in the
14 Conservation Division out of 31 professional positions and
15 I don't even have the luxury of offering exams right now.

16 COMMISSIONER COMMONS: Yes but I'm saying,
17 following the directive that you gave to Mr. Chairman, that
18 do not recommend adding somebody unless you recommend
19 subtracting someone and I am stating to the Conservation
20 Committee in terms of --

21 CHAIRMAN IMBRECHT: I thought I understood your
22 recommendation that you needed two PY in the appliance
23 program. One I thought I heard you say could come from
24 load management.

25 COMMISSIONER COMMONS: Right, which is still the

1 same committee.

2 CHAIRMAN IMBRECHT: And the second one to come
3 from commercial conservation. Correct?

4 COMMISSIONER COMMONS: No.

5 CHAIRMAN IMBRECHT: You said 44-30. That's the
6 number.

7 COMMISSIONER COMMONS: Let's see if I can find 44.
8 Commercial conservation, that's correct.

9 CHAIRMAN IMBRECHT: All right. So how does that--

10 COMMISSIONER COMMONS: It does not take from
11 another Committee.

12 CHAIRMAN IMBRECHT: I thought I just heard Ted
13 say that he is proposing -- I understand. I thought I just
14 heard him say that he would take one from load management.

15 COMMISSIONER COMMONS: But not a vacancy. I
16 don't want -- what Ted has proposed is I have a vacancy
17 right now or he has a vacancy where we lost our senior
18 engineer on appliances. So we have right now one person
19 working in appliances and someone for a 60 day T&D. I'm
20 recommending that we extend that 60 day T&D until the time
21 we complete the electricity report and these appliances
22 hearings which will probably be sometime early next spring.
23 I suggest we move one person from load management and one
24 person -- not one vacancy, a person. Because vacancies --

25 CHAIRMAN IMBRECHT: I understand your point. Go

1 ahead. Any comments?

2 MR. KELLY: Perhaps one option that could be
3 considered, well to pull one of the filled positions in
4 the commercial area would not, in my view, create a skill
5 match for the talents of the people that we're looking for
6 to do this work. We are making an effort to hire someone
7 as quickly as possible. We're farthest down the road to
8 making a commitment to hire in the vacant position in the
9 commercial area than anywhere in the division in terms of
10 backfilling a vacancy. Now that's because that vacancy
11 has been with us the longest and so it has the highest
12 chance of being able to find someone, since we have been
13 looking for the same kinds of skill to take care of this
14 work.

15 The other area that we have is an individual
16 that is responsible for conservation quantification, which
17 has -- we have expended all of our resources in that area.
18 This person is currently charging and is in the Assessments
19 Division budget. Since there is an interest in having one
20 of the major focuses be to integrate the work, we could
21 assign this individual into the program area to basically
22 translate the information for one or the other appliances
23 or both into the forecasting process. That might satisfy
24 the immediate problem of having a resource begin to do the
25 work to cause the forecasting interface.

1 CHAIRMAN IMBRECHT: Geoff what do you think?

2 COMMISSIONER COMMONS: Provided two people are
3 transferred, if they have a new hire, they can transfer
4 one person back. It solves the conservation quantification
5 problem and it solves the appliance. It takes care of two
6 of our major problem areas in one shot.

7 CHAIRMAN IMBRECHT: Okay. Mr. Ward.

8 EXECUTIVE DIRECTOR WARD: Mr. Chairman, I'm
9 reluctant to commit to the transfer of an existing person.
10 My understanding this morning and I referred to this earlier
11 today, was in trying to deal with the appliance issue that
12 was dealt with earlier today and devote the resources
13 necessary to do the analytical project that we wanted to
14 see done there, that we would free up a vacant position in
15 load management and put on appliances and Ted has every
16 expectation of being able to fill that position in the near
17 term and only Ted would be able to respond as to what the
18 cost would be as to transferring another position. I
19 also might add that during the discussions with the Budget
20 Committee, well prior to the discussions with the Budget
21 Committee, I had talked to Ted at great length about trying
22 to ease some of his burdens in the Conservation Division,
23 recognizing there were a lot of things happening, insulation
24 quality, appliances, that he didn't have the wherewithal to
25 deal with and the Budget Committee was reluctant to transfer

1 any responsibility without a corresponding transfer of
2 positions to another division to try to ease up that work
3 load. So given that, I have a bit of a problem with trans-
4 ferring any existing bodies.

5 CHAIRMAN IMBRECHT: Okay. Let me ask the views
6 of the rest of the Commission, up or down, Commissioner
7 Commons' suggestion. Commissioner.

8 COMMISSIONER GANDARA: Well I think my views are
9 broader than that. I don't know if you want to hear them.

10 CHAIRMAN IMBRECHT: That's how long?

11 COMMISSIONER GANDARA: You see part of the
12 concern that I have had here is that we kind of have
13 forgotten what the base of this whole thing was. We started
14 out the year with more work than we had people and then we
15 had certain discretionary activities that we didn't have
16 to do that we decided that we would do anyway and others
17 which we felt we ought to do because of some criterion and
18 it's to me the priority setting of who worked on what was
19 never quite clearly set. I'll give some very quick examples.

20 Starting off again with the OIR-II, that was
21 not required. But we decided and I -- the last -- we don't
22 have any figures today, but the last time we had figures
23 I seem to recall something like 2.5 PY rate of effort over
24 the -- I think it was either the second or the third
25 quarter. The SCE load management I think was also something

1 around the level for that quarter at a 2 PY effort. We had
2 PVEA which, you know, we, you know, it was not in our
3 requirement and we were not allocated people for that and
4 I think that at that point in time we were allocating
5 something like 4 PY rate effort.

6 Now I understand that there are problems in
7 transferring people who have a certain set of skills into
8 another area. But it does seem to me that in certain areas
9 where for some reason or other the priority to undertake it
10 was given and we don't worry, concern ourselves all that
11 much. I note that all the people who went to work on PVEA
12 were pulled off of other programs and they had a variety
13 of mix of skills. I mean some come from other divisions.
14 Some come from areas as exotic as GTA and development and
15 some from other appliances area, but we seem to make people
16 fit the need or the task whenever we want them to.

17 Now it seems to me we don't have a proper frame-
18 work for how we're doing this. For example, it seems to
19 me that the primary reason we allocated people to PVEA at
20 such a high rate, even though we got no allocations for that,
21 was because out of some sense that we had to get those
22 monies out. So that is an appropriate priority setting if
23 getting those monies out had certain desirable consequences
24 from the point of view of energy effort, or Energy
25 Commission.

1 Now I would ask the following question, assume
2 that we got all the monies out, what level of conservation
3 would we achieve over the next 5 to 12 and 20 years? Now
4 what you have to look at that -- that's another set. That's
5 another indicator that could be appropriate. It could be
6 inappropriate. Maybe the Commission doesn't want to use
7 that as an indicator but if it did, then you could measure
8 that against, for example, what if we were to put those
9 same number of people, that 4 level of PY to work on
10 appliances? You know, what level of conservation can we
11 achieve? That was indicated by the last preliminary report
12 and so we didn't set our priorities of allocating people
13 by either an amount of energy to be conserved and so forth.
14 It was kind of this sort of mishmash of things.

15 So that, again, just simply from recollection,
16 I don't have the precise figures here and I don't know
17 whether it's the same rate that we had before, but we had
18 close to something like a 7 or 8 PY rate of effort and I
19 say rate of effort because again we were playing with how
20 many people would work for that quarter as opposed to for
21 the entire year, working those areas that were discretionary
22 areas. So we're now dealing here with more fundamental
23 things of shifting one person here from this program here
24 and that, where in fact our entire overview about how we
25 were to be looking at this seems not to really have -- we

1 don't have that kind of framework.

2 I realize it's the last quarter. We're going to
3 start a new and another quarter and so forth. But again,
4 you know, it does seem to me that we do have to take some
5 other factors into account and it's not because I've been
6 -- I think OIR-II is very important. I don't -- I'm not
7 negative towards that. I've explained that before. I
8 think PVEA is very important. Extremely important in view
9 of the consequences that we might have in the future. The
10 load management for other reasons are very important.

11 The question is, in view of all the important
12 things that we have to do, what is it that we must do versus
13 what is it that somebody else is likely addressing some
14 way or other, and then in those other cases even if we did
15 them, would that make a difference?

16 So that's kind of my point of view. It seems to
17 me that we do have very limited resources but we do seem
18 to make people fit whenever we want to make them fit and
19 it's just a question of what priorities do you set?

20 CHAIRMAN IMBRECHT: Okay. Do you have a bottom
21 line?

22 EXECUTIVE DIRECTOR WARD: Commissioner, I would
23 agree with your general assessment and the nature of my
24 statement wasn't not having to force-feed people into a
25 position that they may not be totally familiar with and it

1 totally dealt with the issue of reassigning a policy
2 priority to the task at hand and in fact on this specific
3 issue, you know, Ted is capable of discussing what the
4 positions currently involved are working on and if you want
5 to make some independent judgment based on that, then fine.
6 I mean I would suggest that. But absent a policy change,
7 I'm reluctant to transfer somebody working on something to
8 something else.

9 COMMISSIONER GANDARA: Yeah, my comment wasn't so
10 much directed at your comment because you're following the
11 direction the Commission set. My comment is being directed
12 at my fellow Commissioners when we set the priorities a
13 couple of quarters ago. So that I guess, you know, if I'm
14 asked for a bottom line I would ask how many people
15 currently do we have working on OIR-II or will we spend
16 over the next -- the rest of the year? How many people do
17 we have working on SCE load management over the rest of
18 the year or load management of this kind of intervention,
19 the intervention that we had? How many people do we have
20 working on PVEA for the rest of the year?

21 Now there are other sort of discretionary areas
22 and it seems to me that if we had a listing of all these
23 kind of discretionary areas that we're involved in, then
24 we have a better handle as to what we're doing. So right
25 off the bat, I would ask how many people do we have

1 dedicated to those three activities. Then I can have a
2 better decision to say -- I'd have a better base to make
3 a decision to say transfer one or transfer two.

4 CHAIRMAN IMBRECHT: Well I would note that the
5 appliance is discretionary also.

6 COMMISSIONER GANDARA: No, appliances was not
7 discretionary.

8 CHAIRMAN IMBRECHT: It was a discretionary
9 decision by the Commission as to whether or not to in-
10 stitute the order for hearings and to proceed along that
11 course of action. I mean it was as much a discretionary
12 policy decision as any of the others that you have
13 enunciated, it seems to me.

14 COMMISSIONER GANDARA: Let's go back to -- I'm
15 talking about budget consequences. In terms of what was
16 allocated in the budget, 3.47 PY were allocated to
17 applicances. Now at the time that we made that decision,
18 we went through and totaled all the person months as to
19 what could be done within that allocation. The problem
20 with appliances is that you don't have 3.47 PY people
21 working on it. That's the problem. It's not that the
22 petition is such an overwhelming problem. It's that you
23 don't have 3.47 PY working on appliances.

24 CHAIRMAN IMBRECHT: That's right. We, you know it's
25 through circumstances beyond our control. Let me offer

1 something and see if I can --

2 COMMISSIONER COMMONS: Well that's -- excuse me.
3 That is not -- I just don't agree with circumstances beyond
4 control. I have been just fed up to the gills in terms of
5 trying to get people to work on the projects where the
6 priorities are and it is the hardest and the most time-
7 consuming thing to do because I hear, "I can't do this
8 without a policy change." And you have vacancies in
9 critical areas and that's what's causing the problem and
10 I just -- I'm sorry for interrupting but that's where I
11 really disagree.

12 EXECUTIVE DIRECTOR WARD: Well I'm sorry that
13 you feel that way but to a great extent the loss of the
14 technical expertise that we've had in the appliance area
15 and in other areas in conservation has been beyond our
16 control and the fact that we have vacancies at the
17 Commission is beyond our control and it's causing staff
18 problems and I think Ted has been trying to play a very
19 thoughtful juggling act and we all have as we have been
20 going through these quarterly reviews. In terms of trying
21 to deal with this issue, Commissioner, I would say that if
22 you and I -- my sense is that the work is important based
23 on your explanation. If you and I can work on this and
24 try to come to some judgment and then maybe take that
25 issue back to the Budget Committee for concurrence or

1 something.

2 CHAIRMAN IMBRECHT: No. Let's bring it back to
3 the full Commission at the next business meeting at the
4 latest.

5 EXECUTIVE DIRECTOR WARD: Okay.

6 CHAIRMAN IMBRECHT: I don't want to go through
7 another round of this where it seems to me we have all this
8 material distributed in advance, we have all the Commission
9 advisers in attendance at the budget meeting, these issues
10 are not raised there and then we sit through these long time-
11 consuming meetings in the full Commission.

12 EXECUTIVE DIRECTOR WARD: Well in fairness to
13 Commissioner Commons though, this issue did hinge on much
14 of the issue associated with the appliance discussion today
15 and I think he has been conscientious about trying to work--

16 CHAIRMAN IMBRECHT: We reduced the amount of work
17 load that the staff would have to do with respect to the
18 appliances today.

19 EXECUTIVE DIRECTOR WARD: Not necessarily. Not
20 necessarily.

21 COMMISSIONER COMMONS: No.

22 CHAIRMAN IMBRECHT: No longer do they have to do
23 a report. No longer do they even have to consider it in
24 the context of this rulemaking. That's got to reduce the
25 total work load it would seem to me.

1 EXECUTIVE DIRECTOR WARD: Well Ted can comment
2 on that but I think Commissioner Commons --

3 CHAIRMAN IMBRECHT: I thought that was the whole
4 premise of the action we took today.

5 COMMISSIONER COMMONS: Well, no Mr. Chairman. The
6 intent is still that the plan will be proposed at the same
7 time. The only reason for the change was if it were used
8 as a delaying mechanism, it would not legally be available
9 as part of the order. The intent of, at least myself, is
10 that everything be done in the same intent as we had before
11 with the one exception that the staff does not make the
12 initial report without getting input from industry as to
13 the types of things that they really consider or want.

14 But going back to the issue at hand, I see no
15 reason to delay a decision. I followed what your request
16 was and as I've specified where I think we need people,
17 where they're to come from. I've not gone to another
18 Committee in terms of saying, "I want people from non-
19 residential building standards or from PVEA."

20 CHAIRMAN IMBRECHT: I understand.

21 COMMISSIONER COMMONS: And clearly this is a
22 case where what we have to provide to the Legislature on
23 the commercial report on load management, is just not
24 nearly as important as the work that we have to do on the
25 conservation quantification, in turning in our electricity

1 report and our responsibility in terms of looking at
2 appliances and the same people have to do the same work.

3 CHAIRMAN IMBRECHT: What will slip by taking a
4 PY from load management and from commercial conservation?

5 MR. RAUH: Well the -- given the staff in that
6 area we have underway during this quarter proposed im-
7 plementation activities for CACS, which is a plan you'll
8 approve next week. That will just be preliminary work.

9 We have the RCS analysis Phase Two, which is the
10 evaluation of the technical data on the program evaluation
11 of RCS, which is also useable in the Assessments
12 Division.

13 We have our review of the annual reports from the
14 utilities on their load management activities in the
15 commercial sector.

16 We have the OIH that the Committee is proposing
17 to pursue, which would have a small commitment this
18 particular -- during this quarter and a larger commitment
19 as we move into the next fiscal year.

20 Those would be the essential activities. With
21 respect to load management, cycling, if we were to affect
22 resources in that area, we are in the process now or
23 should be in the process now of reviewing the R&D plans
24 that Commission orders directed utilities to file. We also
25 should be doing some work in preparation for, minor work,

1 in completion of the SMUD report and also work in prepara-
2 tion for review of PGandE and SDG&E for next year's
3 general rate case.

4 We had intended to do much of that work in the
5 context of this electricity report this summer so that the
6 bulk of the analysis would be done, fed into the electricity
7 report.

8 CHAIRMAN IMBRECHT: Well Commissioner Commons does
9 make one telling point and that is that he is proposing
10 shifts in terms of responsibility of both committees that
11 he has responsibility for.

12 MR. RAUH: That's correct.

13 CHAIRMAN IMBRECHT: And so ultimately to some
14 extent by virtue of this proposal, the onus rests upon him
15 in terms of making some calls as to those priorities. I
16 guess in essence is there a difference of opinion between
17 staff and Commissioner Commons?

18 MR. RAUH: Well I think it's as Mr. Ward indicated
19 that if we sit back down with the Policy Committee, we can
20 work out the minimum impact from a policy perspective on
21 the load management programs. I would like to throw into
22 the arena the quantification resource however, because I
23 feel that that person has the skills that directly indicated
24 a major area that Commissioner Commons was interested in,
25 which was the electricity report.

1 CHAIRMAN IMBRECHT: Okay. Let's try to get this
2 resolved. Is it unacceptable to you to have a final
3 decision on this two weeks from today and try to work this
4 out or do you want to put it to a decision right now? It's
5 your call.

6 COMMISSIONER COMMONS: I think you can, you know,
7 if you approve the 2 PY, one from one and one from the
8 other, in terms of the detailed impacts, in terms of the
9 specific programs, I think you can refer that back to the
10 Policy Committee and we will look at it so that it has the
11 least impacts. I really do not see a substantial problem
12 in doing this.

13 CHAIRMAN IMBRECHT: Okay. Is there objection to
14 acceding Commissioner Commons' request? Hearing none, that
15 is the direction to the staff.

16 MR. RAUH: The final general issue that I had
17 has to do with the area of emergency preparedness. Basically
18 the division has proposed to the Budget Committee that
19 over the remainder of this quarter a thoughtful process
20 be commenced that would see the administration and
21 maintenance of the specific plan, vis-a-vis data collection
22 and monitoring occurring with that responsibility transferring
23 to the Assessments Division. We're not proposing to do
24 anything that would renege on commitments.

25 COMMISSIONER SCHWEICKART: Where are you Ted?

1 Can you point to something?

2 MR. RAUH: Page three of the package. We're not
3 proposing to renege on any of the program responsibilities
4 we have now under the current direction of the Fuel
5 Policy Committee, including the PADD V conference report,
6 the revenue impact study and the other areas that are
7 articulated in the work plan.

8 This principally does not indicate a desire on
9 the division to transfer vulnerability reduction activities
10 which are pivotal in conservation in the future. It just
11 means the actual administration and data monitoring of
12 the plan itself.

13 COMMISSIONER GANDARA: Let me identify for the
14 Commission here that this is both welcome and a concern
15 at the same time. When the resources were cut, I forget
16 whether it was last year or at least two budgets ago in
17 this area, and there was no longer -- and what that meant
18 was the -- I guess the end of the liquid fuels conservation
19 and emergency planning office as an office, that at that
20 time I suggested and recommended that the responsibilities
21 and the PY's be transferred to the Fossil Fuels Office.
22 So in a sense to the extent that this is being recommended
23 now, it is in concurrence at least with the views that I
24 had then.

25 I am concerned that there is some ambiguity as to

1 whether the willingness of transferring the responsibilities
2 also result in the transference of the PY's.

3 We do have in the budget next year a 2 PY
4 allocation for emergency planning in this area. There is
5 of course a program plan that will be derived from that.
6 There is a little bit of confusion in it. The last numbers
7 I saw said 1.9 PY. So I don't know what happened to the
8 tenth. But let's just say that it's 2 PY. I would have
9 no objection whatsoever if we finished the task that we're
10 indicated to be finished under this current year's work
11 plans in the next quarter or as much as possible and that
12 there was an orderly transfer to the -- I think the logical
13 resting place is Fossil Fuels Office. But I do believe that
14 this is an important area and that the PY's have to be
15 accompanied in order to provide some integrated planning.

16 I mentioned earlier during the Commission
17 Committee Policy reports that you had a report from the
18 Fuels Planning Committee. One of the things that was
19 reported on there was the annual petroleum review. A draft
20 of that has been sent to you for your comments. This
21 represents to me a very significant advancement from what
22 we had before in previous APR's. It provides a more
23 integrated look at our policies with respect to
24 petroleum and petroleum related products, policy, among
25 which is an integration of some areas that had not

1 previously been considered to impact, that is directly, and
2 that includes the contingency planning
3 and so forth, as well as transportation conservation.

4 So that I do think it makes sense to integrate
5 these things. I just want the Commission to be aware that
6 at least my current feeling right now is that the positions
7 accompany the transfers of responsibilities and that
8 frankly I think it ought to be complete. I don't think
9 that we ought to be dealing about which tasks stays where
10 and which tasks go where. That I think a clear identifiable
11 separation and transfer of responsibilities would be
12 appropriate.

13 COMMISSIONER COMMONS: I have another item.
14 There was a proposed contract that this Commission has
15 suggested which would go out for RFP on commercial load
16 management plan. It is apparent since the RFP has not
17 gone out and I have checked with Mr. Donaldson, that there
18 is no way for us to encumber those funds during this year,
19 which would mean those funds would go back to the State.
20 I have not discussed this with anyone other than Mr.
21 Donaldson. But I would like to raise to the Commission
22 for consideration, not necessarily as a recommendation,
23 that when we get these various incentive programs that we
24 may need some outside assistance in terms of people who
25 have marketing expertise and an understanding as to what

1 the -- not the cost effectiveness of a particular program
2 is, but the penetration rate and how it would be accepted,
3 as to whether or not we would want to use any of those
4 funds to tie in.

5 We do currently have a contract and Commissioner
6 Schweickart I think can identify who was helping us on
7 incentive programs on the implementation of the non-
8 residential building standards and this is a very similar
9 type of work and task and capability and that might be a
10 way of either extending that or including that within
11 because there is clearly a similarly related expertise and
12 one of my concerns is in terms of reviewing industry and
13 looking at it, is that there be some nonbiased evaluation
14 or approach in terms of the impact of these incentives and
15 it might be something we'd want to explore and we have the
16 opportunity and we have the funds available.

17 EXECUTIVE DIRECTOR WARD: You're suggesting
18 augmenting an existing contract?

19 COMMISSIONER COMMONS: Augmenting an existing
20 contract that is currently looking at various incentive
21 plans for nonresidential building standards prior to the
22 time that they go into effect.

23 You're dealing currently with many of the people
24 that we would be looking at or working with. It's a group
25 that went through a competitive process and I am concerned

1 and at least want to raise to the Commission that I feel
2 that within the industry there are concerns of bias on this
3 Commission and it's also an area that I don't feel that
4 we have as much expertise in terms of market penetration
5 and incentives as others and if there is an opportunity --

6 COMMISSIONER SCHWEICKART: What's the timing on
7 it?

8 COMMISSIONER COMMONS: I talked with Mr.
9 Donaldson and I think rather than my saying as to whether
10 or not it would be feasible, I should turn to him and ask
11 his opinion.

12 MR. DONALDSON: Let me make some general remarks
13 if I may about contracts between now and the end of the
14 year. I'm not exactly sure when we're talking about --
15 you have to look first of all at the funding source and
16 you also have to look at the contract, whether or not it's
17 a personal service contract or product contract, et cetera,
18 or sole source. By and large, the contract we're talking
19 about here and I guess I didn't understand when I was
20 talking to Commissioner Commons this morning, has already
21 been amended once. I foresee some problems right there.

22 Basically between now and the end of the year,
23 probably the likelihood of getting a contract out, unless
24 it's a sole source, is not real strong. We would have to
25 one, get sole source justification; two, we would be able

1 to bring it up before the Commission at the June meeting
2 and then we would have to have a June starting date. So
3 if you have a sole source contract it is technically
4 possible to get that out and that's what Commissioner
5 Commons and I were talking about today.

6 Now at today's meeting I can't respond to
7 augmenting this particular contract. I'm not familiar
8 with it. It's been amended once. I do see some problems
9 there. It may be technically possible.

10 COMMISSIONER SCHWEICKART: Well my concern is
11 I want to see some performance we would do that, frankly.
12 Not that I doubt that, but I don't think we have any
13 record of performance.

14 MR. DONALDSON: We would have to move very
15 quickly in order to get it back to you Commissioners at
16 the June meeting, at a June meeting, and then get it
17 approved by General Services.

18 COMMISSIONER COMMONS: I'm not making this as a
19 recommendation. What I'm doing is, it's I know an area
20 of concern for the full Commission.

21 COMMISSIONER SCHWEICKART: I have an issue which
22 I need to raise which is a tax credit, the conservation
23 tax credit issue.

24 COMMISSIONER COMMONS: What is the Commission's
25 wish on this?

1 CHAIRMAN IMBRECHT: Will you restate your
2 proposal?

3 COMMISSIONER COMMONS: Should we consider using
4 the funds that we're not able to expend on the load
5 management contract, where those contract funds were
6 originally part of appliances, if there is a way to do so
7 to evaluate some of the incentive proposals that are coming
8 up?

9 CHAIRMAN IMBRECHT: If there is a way to do so,
10 let's ask staff to report to us at the next business meeting
11 as to the actual likelihood and you can consult with them.
12 I'd like to try to focus as we're going through this on
13 PY allocations and I think the contract stuff is a little
14 less pressing in terms of resolution tonight. Is that
15 reasonable?

16 COMMISSIONER COMMONS: Just this one is, if I
17 didn't raise it tonight, it's gone.

18 CHAIRMAN IMBRECHT: No, you can raise it again.

19 COMMISSIONER COMMONS: Well we won't have the
20 time to do it.

21 CHAIRMAN IMBRECHT: Okay.

22 COMMISSIONER SCHWEICKART: Mr. Chairman, while
23 we're in conversation, I've got an issue on the tax credit
24 policy analysis. We are in a situation here where we have
25 a very large number of issues being raised on almost a daily

1 basis on conservation tax credit because of the situation
2 with fraud, in the place of legislators, et cetera,
3 et cetera, and frankly it's an area in which on a weekly
4 basis I'm confronting staff who are passing the buck back
5 and forth between conservation and development division and
6 we need this issue resolved.

7 My own particular feeling on a resolution is,
8 while respecting Ted's problems, we are dealing with
9 conservation tax credit and many of the questions which
10 come up, especially in terms of looking at the alternatives,
11 which Assemblyman Papan and others for that matter are
12 dealing with, relate to the nature of conservation
13 measures. Their effectiveness, their costs, cost effective,
14 you know, et cetera.

15 CHAIRMAN IMBRECHT: I got you. Why don't you
16 handle the issue, so where do you suppose --

17 COMMISSIONER SCHWEICKART: Well we're quite
18 literally sitting in the situation where I guess I would
19 say nobody is doing the work. It's actually getting done
20 but Karen Griffin is sort of taking it on herself, but
21 frankly there is a contention between divisions on it.

22 (Off the record discussion between Commissioners
23 Schweickart and Crowley.)

24 COMMISSIONER SCHWEICKART: Well I'm less con-
25 cerned with -- well let me put it this way. I think it is

1 nonproductive is we identify someone who does not have
2 familiarity with conservation measures because the issues
3 do get into technical analysis.

4 If there is an experience in terms of specific
5 personnel within development who can be directed to it to
6 relieve some of the burdens in conservation, I have no
7 fundamental problem with that. I think it needs the
8 Conservation Division oversight. I don't think we can
9 rationally transfer conservation tax credit issues into
10 the development division.

11 CHAIRMAN IMBRECHT: One place that I think we
12 may have -- I guess we'll have to ask Leon to address that.
13 Maybe there might be somebody in the small power producers
14 that could assist there. Is that realistic?

15 MR. VANN: The folks in development division
16 that have experience in conservation have taken transfers
17 to conservation and are currently in conservation. Other
18 than that, we don't have conservation experience in the
19 division.

20 COMMISSIONER SCHWEICKART: Mr. Chairman my
21 problem with this is that we are looking at lots of
22 different programs here and going back to Commissioner
23 Gandara's sort of overview perspective, I would point out
24 that in the tax credit area, we're quite literally dealing
25 with our largest program and we've got several hundred

1 million dollars of credits going out there, directly involving
2 the installation of various measures or devices and I
3 really cannot see not focusing on this issue.

4 CHAIRMAN IMBRECHT: Okay. It just seems to me
5 that basically we have identified or you have identified
6 the problem. I don't see how it's going to get resolved
7 tonight in terms of knowing exactly where to take it from.
8 But I think we're going to have to say clearly --

9 COMMISSIONER SCHWEICKART: Well let me point out
10 the immediacy. We literally have unanswered legislative
11 letters piling up on a day-to-day basis, Senator Johnson
12 among others, on some of these issues. Now I think Karen
13 has tried to handle those at the moment, Ted, but frankly
14 the load on Karen Griffin is extremely high and I --

15 CHAIRMAN IMBRECHT: Well what do you propose?

16 COMMISSIONER SCHWEICKART: I have no proposal
17 aside from the fact that the Commission -- well, I'm looking
18 for suggestion from Ted as well or from the division
19 chiefs because so far in my Committee meetings, I have been
20 dealing with people down within the division and I'm
21 looking at people who are not in a position to make the
22 decisions and yet on whom the burden continues to rise.
23 I would have hoped it would be brought before the
24 Commission this evening, but it needs to be resolved.

25 MR. RAUH: Well I guess I can respond very

1 quickly. First of all, it was brought before the Budget
2 Committee. The Budget Committee took the tact, it was
3 evidenced by Commissioner Gandara earlier on contingency
4 planning, that if a program transferred without the
5 resource, it didn't transfer. There isn't resource to work
6 on it, so that was out.

7 Internally looking at the division, there really
8 isn't another place right now where I can take it, absent --
9 it seems to me the only solution that works in conservation
10 tonight is within your own committees. So I guess I say,
11 look at the building standards and we'll transfer somebody
12 from the building standards over to work on the tax credit.

13 EXECUTIVE DIRECTOR WARD: Moreover, you know I --
14 there is a disagreement.

15 (laughter)

16 MR. RAUH: I'm sorry but that seems to what works
17 tonight.

18 EXECUTIVE DIRECTOR WARD: There is a disagreement
19 about the corresponding transfer of resources with the
20 project or the program and I mean you can't do anything
21 to help Ted if we're going to have to transfer the resources
22 also. So, you know, the basic issue associated with that
23 is transferring responsibilities without resources. We're
24 willing to look at that.

25 COMMISSIONER SCHWEICKART: Let me suggest something

1 here and I don't want to sound dogmatic but frankly it is
2 the Executive Director's responsibility to manage the
3 staff and I have not here seen a suggestion of how to deal
4 with this issue. I think the -- at least unless you're
5 holding off in terms of Commission priorities. In which
6 case, I'm certainly ready to suggest that response on tax
7 credits which are one-to-one tied with actual things that
8 happen in the world is a very high priority to the
9 Commission.

10 EXECUTIVE DIRECTOR WARD: Oh I know. I certainly
11 don't disagree with that.

12 COMMISSIONER SCHWEICKART: And also at the
13 moment, unfortunately in some ways, a highly politically
14 sensitive issue as well. So from the policy perspective
15 it's in my mind a very high profile and I frankly need some
16 support from the Executive Office and the divisions in
17 saying how best to do it.

18 I am not particularly in the mode of trying to
19 identify where I would recommend scrounging a person from
20 here, there or the other place. I guess I can look at
21 everybody else's committees and try to do that. There is
22 nobody working the building standards except Bill, with all
23 of his staff having disappeared over various hills,
24 especially the Cal Trans hill. So I mean there isn't
25 anybody on my committees.

1 CHAIRMAN IMBRECHT: Well the only way to
2 possibly resolve this and I'm just going to suggest that
3 on those issues where a Commissioner doesn't have a
4 specific proposal to make, you've identified the issue, it's my
5 direction to the Executive Director to work with you and
6 come back with a hard proposal at the next business meeting.
7 I don't see any other way to deal with the time. You'll
8 highlighted it very clear.

9 EXECUTIVE DIRECTOR WARD: Well I'm sensitive to
10 the issue. In fact Ted and I and others are going to spend
11 a good deal of tomorrow I think or Friday on the issue.
12 But -- and then I'd be happy to get the benefit of the
13 Commissioner's guidance on that. We did deal with it in
14 the Budget Committee or attempt to deal with it in the
15 Budget Committee.

16 COMMISSIONER SCHWEICKART: I have no --

17 CHAIRMAN IMBRECHT: Do you have any other
18 suggestions?

19 COMMISSIONER SCHWEICKART: I am not a personnel
20 manager, Mr. Chairman. I'm sorry. I don't -- notwith-
21 standing real differences between Commissioner Commons
22 and I, I don't feel that's my responsibility.

23 CHAIRMAN IMBRECHT: Okay. Well I don't see any
24 other way out of the box at this point. So you have
25 illustrated the issue and Mr. Ward, it's another difficult

1 one to respond to.

2 You're finally off the seat, Ted. Ron.

3 MR. DONALDSON: With regard to the Development
4 Division, I'm not sure at this point that we have any real
5 issues, seeing what has gone on so far. (laughter)

6 Ron can talk about PVEA. The potential carry-over
7 we have there and the solar tax credit, it's my understand-
8 ing that Commissioner Schweickart may have assisted us in
9 that effort as far as solar tax credit, and is dealing with
10 the Franchise Tax Board. If that be the case, I don't
11 think we have any problem here. Maybe I'll just ask
12 Commissioner Schweickart if in fact we still do have an
13 issue of solar tax credit.

14 COMMISSIONER SCHWEICKART: Well let me say that
15 it's not immediately clear whether we will have some --
16 well, let me say more. We have two different modes in terms
17 of solar tax credit. It depends upon where the rulemaking
18 proceeding occurs. That will not affect the third quarter.
19 It may affect us downstream but it's clear that we're not
20 going to be ready to move into a rulemaking either at FTB
21 or here in this quarter. So it's a nonissue at the moment.
22 It will become an issue I believe either in the fourth
23 quarter of this year or the first quarter of next year and
24 it depends -- it's still unknown where that will come back.
25 So I can't provide any more light on it, or shed any more

1 light on it than that.

2 MR. KUKULKA: I think the issue really revolved
3 more with staff support from the legal office than it did
4 from the development division, in any event.

5 COMMISSIONER SCHWEICKART: That's true. The
6 major burden I think will end up in the legal office there.
7 Although I suspect that it will also reflect in the
8 technical staff. I mean if we end up with it instead of
9 FTB.

10 MR. KUKULKA: Then I think the only other issue
11 is the remaining funds for PVEA and I believe that's
12 before the Loans and Grants Committee and I'm not sure that
13 a final decision has been made from that Committee as to
14 how the remaining funds will be allocated.

15 CHAIRMAN IMBRECHT: Commissioner Gandara.

16 COMMISSIONER GANDARA: Yes.

17 CHAIRMAN IMBRECHT: You are Loans and Grants
18 now.

19 COMMISSIONER GANDARA: What's the question?

20 COMMISSIONER COMMONS: What's the answer not
21 the question. (laughter)

22 CHAIRMAN IMBRECHT: I think that we're all
23 rapidly passing the point of any effectiveness tonight.

24 MR. KUKULKA: The issue before the Committee is
25 what the staff presented with regard to the remaining funds.

1 I believe it's \$511,000 in the PVEA.

2 COMMISSIONER GANDARA: Yes. We were briefed by
3 the Development Division and the Conservation Division. Is
4 this the one on the proposed division of those?

5 MR. KUKULKA: Yes.

6 COMMISSIONER GANDARA: And unfortunately, I hate
7 to say it folks, I don't have enough staff to work on all
8 of this stuff. (laughter) It would be helpful if I did
9 have more staff. Could you suggest where I could get more
10 staff?

11 MR. KUKULKA: You've already got some from us.

12 COMMISSIONER GANDARA: But a lot less than a lot
13 of other people. What a .6, .75. No we haven't, you
14 know --

15 CHAIRMAN IMBRECHT: You have no recommendation.

16 COMMISSIONER GANDARA: We have no recommendation.

17 CHAIRMAN IMBRECHT: May I suggest that we try to
18 deal with that at the next business meeting. I'm going to
19 also say that in the future I think that probably what it
20 makes sense to do is what I had suggested when I first was
21 appointed and I think when we do these kinds of discussions,
22 rather than hold them for business meetings and end up at
23 the tail end of the day in this context.

24 Without objection, I'm going to in the future for
25 these kinds of matters schedule a Thursday business,

1 working business meeting, where we are not going to handle
2 general public issues but focus on budget and internal
3 allocation decisions and those kinds of things.

4 COMMISSIONER COMMONS: Good idea.

5 CHAIRMAN IMBRECHT: I think that probably makes
6 a lot more sense for all of us and I'll do it on the
7 Thursday immediately following the traditional business
8 meeting so that it's on the same, every two week cycle,
9 so it should not impact the schedules and so forth.

10 COMMISSIONER SCHWEICKART: Mr. Chairman,
11 respecting the fact that we have reached the end here, I
12 think, let me just suggest that I am happy to talk with
13 Randy and Ted Rauh for that matter on this issue of the
14 tax and how to handle the conservation tax credits. Let
15 me just throw out two things which I would appreciate
16 Commissioner comment on to me in the next several days
17 because they are both radical, but since you pressed me
18 for what's my recommendation, I guess without having a
19 firm position, I would suggest two possibilities.

20 One is in fact calling a spade a spade and
21 terminating our nonresidential building standards effort
22 and transferring someone from there into this activity.
23 That would, in fact, be honest in terms of what is actually
24 going on and might in fact allow people who are concerned
25 about building standards completion to raise the issue in

1 a more effective way. At the current time we have a facade
2 going on, a charade I guess going on with a facade of
3 building standards work.

4 Another alternative would be to shift more of
5 the PVEA work into the Development Division, who frankly
6 are under slightly less pressure and provide a little bit
7 of relief in Karen Griffin's area and I don't know the
8 implications of that one either. But that is one of the
9 possibilities that I see.

10 CHAIRMAN IMBRECHT: I'll just say quickly I think
11 the latter of those two suggestions is the most viable in
12 my opinion.

13 Now I understand your concerns about the non-
14 residential. I continue to be assured by the division
15 chief that the contracts we've got out there and the
16 support, and if we can fill the positions that are empty
17 and with the contract dollars we've got in the budget for
18 next year, that we should be able to complete the retail
19 and the restaurants to meet the commitment we made when
20 we adopted the office standards and I don't --

21 COMMISSIONER SCHWEICKART: Well I'll have a
22 better indication tomorrow after the PAG meeting, but I
23 think we're --

24 CHAIRMAN IMBRECHT: I don't want to shift on
25 that if we can avoid it. Yes.

1 COMMISSIONER COMMONS: I would like to have that
2 agendized on the next business meeting because it would
3 have a significant impact also on the forecast and it's
4 one of the issues and this is the first I've heard of it
5 and I'd like to have a further discussion of that
6 particular staffing problem and where we're going. I
7 consider that to be a very significant departure from our
8 work plan, if what Commissioner Schweickart is saying is
9 actually the case.

10 EXECUTIVE DIRECTOR WARD: Potentially, if I
11 might --

12 CHAIRMAN IMBRECHT: Let's carry that as part of
13 the Executive Director's report.

14 COMMISSIONER GANDARA: I have one item.

15 CHAIRMAN IMBRECHT: Commissioner Gandara.

16 COMMISSIONER GANDARA: Yes, again we can defer
17 it, but the resolution of the prioritization of General
18 Counsel's activities I think it was left open as to whether
19 the siting regulations versus the insulation quality
20 proceedings, you know, and I asked the following questions:
21 Whether it was really a question of either/or, whether
22 we could in fact look at the allocations and it seems to
23 me that those two are important enough to continue to be
24 addressed. I just didn't want us to think that there was
25 no issue there. We can leave it open too, like the other

1 ones.

2 COMMISSIONER COMMONS: I have a number of
3 comments on the legal counsel, which I think it's
4 appropriate to bring up because they're on PY, not contracts.

5 CHAIRMAN IMBRECHT: Can we defer that and do
6 that in the context of what Commissioner Gandara just
7 suggested and handle that in the next business meeting?

8 COMMISSIONER COMMONS: I have no problem. In
9 fact maybe Bill and I could meet.

10 CHAIRMAN IMBRECHT: Let me suggest, if we still
11 have significant enough open issues, then I'm going to
12 suggest that the Executive Director and I confer tomorrow
13 about scheduling a separate meeting two weeks from
14 tomorrow, as opposed to handling it in the context of the
15 business meeting two weeks from today. It's really a
16 function of what the agenda looks like.

17 COMMISSIONER CROWLEY: Mr. Chairman.

18 CHAIRMAN IMBRECHT: Yes.

19 COMMISSIONER CROWLEY: Is it possible to recess
20 our meeting until in the morning and deal with some of
21 these then?

22 CHAIRMAN IMBRECHT: I would like very much to do
23 that but we've tried that in the past and we don't have
24 public notice that makes it possible to do that.

25 COMMISSIONER CROWLEY: Even if it's a recess to

1 the next -- we can't do it?

2 CHAIRMAN IMBRECHT: And I have to --

3 COMMISSIONER CROWLEY: Okay.

4 CHAIRMAN IMBRECHT: In addition we have other
5 scheduled committee meetings and so forth.

6 COMMISSIONER CROWLEY: I understand.

7 CHAIRMAN IMBRECHT: Okay.

8 COMMISSIONER COMMONS: Mr. Chairman, I just
9 want to get our calendar straight. Are you scheduling a
10 business meeting on May 17th then, in the morning?

11 CHAIRMAN IMBRECHT: You mean the Thursday?

12 COMMISSIONER COMMONS: Yes.

13 CHAIRMAN IMBRECHT: I will notify everyone
14 tomorrow and we'll analyze what the total volume of matters
15 are for the next business meeting on the 16th.

16 COMMISSIONER COMMONS: Because we have a notice
17 requirement problem if you don't make a decision.

18 CHAIRMAN IMBRECHT: We've got plenty of time to
19 make that decision tomorrow.

20 COMMISSIONER COMMONS: Okay.

21 CHAIRMAN IMBRECHT: Okay.

22 (Thereupon the hearing of the Energy Resources
23 Conservation and Development Commission was adjourned at
24 7:15 p.m.)

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