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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION
JUL 6 1984
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BUSINESS MEETING

STATE PERSONNEL BOARD
801 CAPITOL MALL, AUDITORIUM
SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 28, 1984
10:15 A.M.

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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
- Kent Smith, Deputy Director
- William Chamberlain, General Counsel
- David Nisenbaum
- Manuel Alvarez
- Ted Rauh
- Valerie Hall
- Wendell Bakken
- Tom Beyer
- Bill Pennington
- Dennis Fukumoto
- Luree Stetson
- Lorri Gervais, Secretary

PUBLIC ADVISOR'S OFFICE

- Ernesto Perez

ALSO PRESENT

- John Dunlap, South Coast Air Quality Management District
- Ralph McClain
- Ethel Dotson

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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: Good morning. We'll call the
4 meeting to order. A brief explanation of why we're meeting
5 here in this hearing room, and a bit of an apology to
6 everyone for inconvenience.

7 About four months ago the Transportation
8 Commission requested the use of our hearing room, and
9 subsequently, noticed their meetings far and wide throughout
10 the state, many thousands of mailings.

11 In any case, when it became apparent that we
12 needed a meeting on this date, the Transportation Commission
13 was -- we had agreed to allow them to use the room, and
14 necessitated our moving over here temporarily.

15 The first item -- excuse me. We'll begin the
16 meeting by rising for the pledge of allegiance. Commissioner
17 Commons.

18 (Pledge of Allegiance.)

19 CHAIRMAN IMBRECHT: Thank you. The first item
20 before us on the agenda today is Commission consideration
21 and possible acceptance of a petition, and request of the
22 full Commission by TIMCO for orders affecting Docket No.
23 83-IQE- -- I'm sorry. Can you advise, Mr. Smith,
24 Commissioner Gandara's agenda indicates that this item has
25 been pulled, mine does not.

1 COMMISSIONER SCHWEICKART: Mr. Chairman, there
2 is a memornadum from Mr. Shean to the Commissioners which
3 I think I probably have here --

4 CHAIRMAN IMBRECHT: I see it here.

5 COMMISSIONER SCHWEICKART: All right, it's in the
6 book.

7 CHAIRMAN IMBRECHT: My staff apparently didn't --

8 COMMISSIONER SCHWEICKART: And so the Petitioner
9 is not present, and my understanding, as reflected in this
10 letter, is that the petitioner has withdrawn the petition,
11 which is not to say that he is in any way given up his
12 problems with the Committee's proposed actions, but that
13 will be before us in two business meetings, I think.

14 COMMISSIONER COMMONS: Can we just move to hold
15 it over, or direct it be held over, then?

16 COMMISSIONER GANDARA: Well it's --

17 COMMISSIONER SCHWEICKART: Yeah, it's moot is
18 the answer.

19 COMMISSIONER CROWLEY: Mr. Chairman, I have a
20 question on a memorandum of June 27th that August 1 will
21 be Commission consideration of a proposed decision, at
22 which time TIMCO may choose to raise issues, and so it is
23 August 1 as I understand it.

24 CHAIRMAN IMBRECHT: That's what I see on the
25 memorandum. I think that's pretty straightforward. Mr.

1 Perez, do you have any concerns about that?

2 MR. PEREZ: Yes. To add to Commissioner
3 Schweickart's statement, the items will be addressed at the
4 time that the Commission examines the Committee's proposed
5 decision. That's a better characterization, then, that the
6 petitioners concerns have been withdrawn.

7 CHAIRMAN IMBRECHT: I understand.

8 COMMISSIONER SCHWEICKART: Heaven forbid, he
9 has not withdrawn --

10 CHAIRMAN IMBRECHT: We are now semantically
11 correct, Item 1 is off the calendar for today. I'm also
12 informed Item 3 is off the calendar today as well, and
13 I believe we have two items -- Item 15 is off, Item 14 is
14 added, approval of a resolution for the --

15 COMMISSIONER GANDARA: 14?

16 CHAIRMAN IMBRECHT: That's a carryover from last
17 meeting, that's the incentive option for nonresidential
18 buildings, a continuance of that and that item.

19 Okay. The next item before us is a contract for
20 \$38,360 with the South Coast Air Quality Management District
21 to support a study to investigate expanding methanol fuel
22 use in the South Coast Air Baisn.

23 DEPUTY DIRECTOR SMITH: Yes. David Nisenbaum
24 from Development Division staff is here to address that.

25 MR. NISENBAUM: This contract with South Coast

1 Air Quality Management District will take a detailed look
2 at the small car fleets, the bus fleets, and the heavy
3 duty diesel fleets down in the South Coast, in order for us
4 to progress in the methanol program, we'll need a detailed
5 inventory to allow us to assess what the air quality benefits
6 could be from changing over these fleets to a methanol
7 powered vehicle, and allow us to pinpoint exactly who is
8 using these vehicles, the duty cycles involved, how much
9 is the cost, and get a better handle on what is going on
10 down in the South Coast Air Basin.

11 I have Mr. John Dunlap here from the South Coast
12 Air Quality Management District who is available to answer
13 questions that the Commissioners may have on the contract.

14 CHAIRMAN IMBRECHT: Any questions from members
15 of the Commission? Commissioner Gandara?

16 COMMISSIONER GANDARA: I have one question. I
17 would think that under normal circumstances, this would be
18 under the work plans and budgets of the South Coast Air
19 Quality Management District as something they should be
20 looking at in the normal course of events.

21 Why is it that we are paying for it? It would
22 seem to me that this falls directly to their jurisdiction
23 and their interest.

24 MR. NISENBAUM: I don't know what their budget
25 or their work plan contained. Maybe John can address that

1 for us.

2 CHAIRMAN IMBRECHT: Please identify yourself for
3 the record.

4 MR. DUNLAP: My name is John Dunlap, I'm with the
5 South Coast Air Quality Management District. I'm the
6 transportation management coordinator and I work in the
7 planning division.

8 Paul Weben (phonetic) of our staff who is a
9 senior air quality specialist has been very involved with
10 the methanol, encouraging methanol use in fleets throughout
11 the state, and this is something that we have not had the
12 time or the funds to look at in the last few years, and it's
13 something we see as very important.

14 We've been involved, as a matter of fact, tomorrow
15 we're having a methanol symposium that's inviting experts
16 throughout the country to discuss the issue of methanol
17 fleet conversion. To date we have not implemented a program
18 like this in our work plans, but we're very interested in
19 pursuing this survey.

20 We think it's important, and will help us be able
21 to push methanol fleet conversion in our basin.

22 COMMISSIONER GANDARA: Well, my question is, that
23 I don't have any problems with the purpose and intent, or
24 the area of work. I'm curious that given such a significant
25 contribution methanol has made, why it's not in your work

1 plan. Is it going to be in your work plan for next year,
2 or -- I mean, frankly, to me, this is the kind of activity
3 that I think that we should depend on you all having done
4 so that it would be supportive of our particular fleet
5 efforts as opposed to the other way around.

6 MR. DUNLAP: I know it's been discussed at the
7 staff level, but it's my understanding that we have not put
8 it in a work program for the upcoming year, nor do we
9 foresee it coming up as far as being funded by the South
10 Coast District.

11 COMMISSIONER COMMONS: What is the budget of the
12 South Coast District?

13 MR. DUNLAP: I believe it's somewhere in the
14 neighborhood of \$23 million.

15 CHAIRMAN IMBRECHT: Commissioner Schweickart?

16 COMMISSIONER SCHWEICKART: Yes, and I'm not sure
17 whether Mr. Dunlap or Mr. Nisenbaum should answer the
18 question, but is this a shared effort contract? That is,
19 are we looking at a combination of Energy Commission
20 contract funds and South Coast Air Basin support in kind
21 in terms of personnel and staff?

22 MR. NISENBAUM: When we originally discussed the
23 contract, it was going to be a no cost share, but the way
24 it's structured now, in our talking with Paul Weben, I
25 think he's going to devote quite a bit of staff time to it

1 that won't be paid for by us.

2 COMMISSIONER SCHWEICKART: Well, in accomplishing
3 the tasks outlined here in this overall survey, that is, in
4 meeting the intent here that's outlined to provide the
5 information which I understand will lead -- will feed into
6 the -- a specific plan, and let me ask that, Mr. Dunlap,
7 that's a question for you.

8 Is this, in fact, directly leading to the adoption
9 of an implementation plan in the South Coast Air Basin?

10 MR. DUNLAP: Yes.

11 COMMISSIONER SCHWEICKART: It is. All right, in
12 meeting the intention of this study, is there -- South
13 Coast Air Basin person years contributed to this study in
14 addition to the \$38,360 which are being proposed, or is our
15 -- is the money that we're being asked to contribute here
16 going to pay for the personnel?

17 MR. DUNLAP: I believe that the money is going to
18 pay for the personnel.

19 COMMISSIONER SCHWEICKART: So we're totally funding
20 this study is what you're saying?

21 MR. DUNLAP: As outlined in the contract, yes.

22 COMMISSIONER SCHWEICKART: All right.

23 CHAIRMAN IMBRECHT: Okay. Further questions or
24 comments?

25 COMMISSIONER GANDARA: I have one additional

1 question of staff. I notice under budgetary considerations,
2 it says that the contract will be funded by ERPA monies.

3 MR. NISENBAUM: Yes, sir.

4 COMMISSIONER GANDARA: ERPA being the Energy
5 Resource -- what account is that? Is that a surcharge
6 account?

7 MR. NISENBAUM: I'm not really sure, I don't know.

8 DEPUTY DIRECTOR SMITH: Yes, these are funds
9 that were budgeted in 1983-84.

10 COMMISSIONER GANDARA: Okay. Since this was not
11 one of the original contemplated usages, what -- where is
12 this coming from. What didn't get done, or what won't get
13 done to fund it?

14 MR. NISENBAUM: The original money was out of the
15 \$50,000 set aside in this account, and it was for marketing
16 studies to do this type of work to better be able to
17 introduce methanol within particular areas of the state.
18 It did specifically say that it was for this type of work.

19 CHAIRMAN IMBRECHT: It's my recollection that
20 we had a sort of broad, defined \$50,000 for methanol add on
21 that was largely as a result of some discussions we had
22 the last go around where we suggested there were some things
23 we wanted to do in methanol we couldn't clearly define at
24 the time of the budget that was approved.

25 DEPUTY DIRECTOR SMITH: Certainly the information

1 that the contract would provide would be helpful to us in
2 our fleet projects, and it is consistent with the original
3 budget that we had for 83/84.

4 CHAIRMAN IMBRECHT: Okay. Further questions, do
5 I hear a motion? Moved by Commissioner Commons.

6 COMMISSIONER SCHWEICKART: I'll second.

7 CHAIRMAN IMBRECHT: Seconded by Commissioner
8 Schweickart, I would have as well. Commissioner Commons?

9 COMMISSIONER COMMONS: I think the issue is -- on
10 this contract should not be whether or not the scope of work
11 and what we're trying to do is important because it feeds
12 both into the work of South Coast Air Basin, and work that
13 we're trying to do to ascertain the air quality benefits
14 of methanol. I think the one issue is the one that the
15 other Commissioners have raised as to whether we should be
16 the sole payor on this, or whether or not there should be a
17 matching contribution.

18 CHAIRMAN IMBRECHT: Okay. Is there objection to
19 a unanimous roll call?

20 COMMISSIONER GANDARA: Mr. Chairman, I won't hang
21 this discussion up any further, but let me just articulate
22 as I have on every other occasion when we have had a
23 contract where we are funding another sister agency
24 basically for work that I feel ought to be funded under the
25 budget of that particular agency. You know, we do quite a

1 bit of this every time we want something done, you know,
2 we're quite generous in paying for that, and there's
3 nothing wrong with that, except that somehow I feel that
4 we ought to be coordinating these efforts before budgets
5 get prepared so that really, something that is the entire
6 state's responsibility and interest ought to be, you know,
7 funded within the jurisdictions and areas of these particular
8 agencies so that I have the same concerns that I have had
9 with some of the Board of Equalization contracts, and the
10 Department of Finance contracts, and so forth and so on.
11 But I just want that noted.

12 COMMISSIONER SCHWEICKART: Mr. Chairman, I'd like
13 to support what Commissioner Gandara says. I'm going to
14 support the contract, but frankly, I am critical of the
15 staff in not coming before the Commission with a very clear
16 history of shared effort in things of this kind, and not
17 have the Commission carry it, the whole thing.

18 Were it not for the importance of the contract,
19 and the fact that at least Mr. Dunlap here, your answer on
20 whether or not you're moving to a specific implementation
21 plan is correct, I would not be supporting this contract.

22 But with the understanding that this is, in fact,
23 feeding directly into a commitment on an implementation
24 plan, I will, in this case, not hold it up, but I would
25 ask the staff to listen. I mean, we've said this dozens of

1 times.

2 DEPUTY DIRECTOR SMITH: The point is well taken,
3 and we'll address those before those come before the
4 Commission.

5 CHAIRMAN IMBRECHT: The message has been delivered,
6 I believe, and we ought to look at a minimum of some
7 matching. I think from one perspective, at least, it also
8 demonstrates a clear commitment on the part of those
9 agencies that we are having cooperative programs with, and
10 I think that's useful as well.

11 Commissioner Commons?

12 COMMISSIONER COMMONS: I think I should take part
13 of the burden or blame on this and not staff, and
14 philosophically I've always agreed with the position that's
15 been taken, and why I never raised it in the discussion.
16 I think part of the blame shouldn't be put on staff, and
17 is on myself.

18 CHAIRMAN IMBRECHT: Okay. Well, we've heard a
19 lot of reservations expressed, but I have not heard any
20 objections to a unanimous roll call, so therefore I will
21 rule that the motion is passed, ayes 5, noes none, the
22 contract is approved with some suggestions for future
23 improvements in the procedure.

24 Item 4 is Commission consideration and possible
25 approval of grants totally \$472,000 from PVEA, Petroleum

1 Violation Escrow Account for financed incentives to
2 encourage the use of private investments in the rental
3 housing sector. Mr. Smith, Mr. Alvarez?

4 DEPUTY DIRECTOR SMITH: Yes, Manuel Alvarez from
5 Conservation Division is here to address that.

6 MR. ALVAREZ: Good morning. The financial
7 incentives project, as you recall, is the fourth major
8 element in the rental sector program. This element of the
9 program provides one of the broadest efforts of the
10 Commission in providing for financial incentives to
11 implement energy conservation in our rental sector.

12 This project is attempting to encourage the
13 implementation primarily by utilizing a leveraging
14 mechanism for private sector investments. The incentives
15 that we offered in the proposal were interest rate
16 subsidies, payments to energy service companies, a technical
17 assistance fund, a direct payment for demonstration of
18 new technologies, or demonstration projects, and an
19 incentive that was referred to as an energy savings
20 certification by which funds would be deposited in
21 commercial lending or savings and loans institutions for
22 the purpose of primarily making loans to apartment owners,
23 managers of apartments for energy conservation.

24 The staff received 15 proposals to evaluate.
25 We evaluated those proposals regarding the criteria that

1 we established. The staff is recommending eight projects
2 for funding. Thos projects include the Novan Energy
3 Systems projects in the amount of \$23,148. The Mary Ann
4 Garden Apartments in the amount of \$15,598. The John
5 Stewart and Casitas of Hayward Incorporated project at
6 \$64,000. The Redwood Community Action Agency at the amount
7 of \$61,291. The City and County of San Francisco at
8 \$175,000. Energy Dynamics at \$95,963. The California
9 Institute of Technology at \$27,000. Tyrol Village, an
10 apartment complex at the amount of \$10,000.

11 The staff respectfully requests approval of these
12 grants.

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

15 COMMISSIONER COMMONS: I have some questions on
16 the criteria that are used, which are shown on page 6. On
17 the payback period, apparently you get one point for one
18 year, two points for one to two years, and three points for
19 three to five years, and then it goes back down, two points
20 for five to seven. I don't understand this.

21 MR. ALVAREZ: The basic criteria was established
22 in the payback period and the rationale for establishing
23 a lower point system, and then increasing that system, and
24 then decreasing it as the pay period increases was based on
25 the rationale that at a low payback period, a normal

1 investor should be attempting to undertake those particular
2 investments as a matter of course of business. As you move
3 to increasing periods of time, for example, a five year
4 period of time, you are then approaching an area where you
5 are making marginal investment decisions, or points where
6 an investor is making a decision of yes, I will undertake
7 this project, or no, I will not undertake this project.

8 We felt at a three to five year period of time,
9 we felt that we were being very effective at the marginal
10 decision-making of the investor. The period between five
11 and seven, and over seven years, we felt many times that
12 investors would not be making those decisions to invest
13 in those particular conservations, and that the capital
14 would not flow for those longer types of projects.

15 So we determined that if we can establish a point
16 system for each period of time, we can increase the amount
17 of decisions being made at the margin, which is the three
18 to five period in time. So in essence, what the criteria
19 is intending to illustrate is that the quick payback
20 investor should be making those investments to some degree,
21 the longer period, payback period, we recognize that
22 investors will be eliminating those criteria -- those
23 investments from their investment decision-making process.

24 We still allowed a certain point factor for those
25 categories if the investment were to rank out with respect to

1 the other criteria that was established.

2 COMMISSIONER COMMONS: Are any of these projects
3 having a payback period of five or more years?

4 MR. ALVAREZ: Of five or more years? I believe
5 one of the projects -- part of the Redwood Community
6 Action Agency, because they have some solar energy projects,
7 would have a 6.9 year project, and so they receive one
8 point in that particular category.

9 COMMISSIONER COMMONS: All right. The next item
10 is on the ratio of private funds to the amount of state
11 funds. Why do the points start to drop as the private
12 funds increase beyond a ratio of five to one?

13 MR. ALVAREZ: The same rationale applies with
14 respect to the ratio. We were attempting to determine where
15 the marginal effect of the state contribution is on the
16 investment decision-making process. The high ratios, seven
17 or more, the staff's feeling was that that -- when we
18 developed this that at that particular high a ratio, any-
19 thing more than seven, there may not be a need, a significant
20 need for state funding in that particular project.

21 Just because the fact that the state has a
22 particular program in that project, or a particular program
23 in this area, that the payback ratio may not actually be
24 affecting the investment decision, and it's just the fact
25 that the program exists, and the funds are available, that

1 people would compete for those funds, and that the decisions
2 are not being based on a ratio category.

3 COMMISSIONER COMMONS: Well, I'd like to visit
4 with staff. To me the differential of points, where we're
5 having to put up 50 percent being ten, and we're getting a
6 leverage of four and five to one, and we're only doubling
7 it, I'm just a strong believer in terms of the leverage,
8 and I'd like to discuss the Redwood one, because I generally
9 don't -- except under unusual circumstances, don't support
10 payback periods of more than five years.

11 I think there are so many projects that have
12 payback periods of less than five years, that we need to
13 assist, there needs to be special circumstances to go beyond.

14 MR. ALVAREZ: I'd be happy to meet with the
15 Commissioner and discuss that issue.

16 COMMISSIONER SCHWEICKART: Mr. Alvarez, let me
17 ask a question here, with the rating system that you have
18 here, in terms of payback, it seems to me that there are
19 some fundamental problems. That is, if I look at payback
20 times on energy saving potential in rental property, or
21 anything else that are down in the one to two year
22 category, or even subyear category, it's clear that those
23 things should be done first.

24 MR. ALVAREZ: Correct, I would agree with you,
25 Commissioner that --

1 COMMISSIONER SCHWEICKART: Now, the question here
2 is, if you give a high rating to those investment decisions
3 which may weigh up in the three to five year payback time,
4 from an economic standpoint I can appreciate that, but if
5 in fact we're putting in real things into an environment
6 because they've got three year paybacks instead of one
7 year paybacks, and the one year payback time, things have
8 not been done, we're simply blowing energy right out through
9 the uncaulked windows and all of the rest of it.

10 The low cost items, so I -- absent some constraint
11 that things at investment levels, or payback periods less
12 than what we're supporting here have already been done by
13 the Applicant, it seems to me that what we're about to do
14 here is waste energy.

15 I think you understand what I'm saying. There's
16 a reality to the things that need to be done first, which
17 is recognized by a highest rating on the fastest payback.

18 MR. ALVAREZ: Right. I think we recognize that
19 fact. All the projects are coming in basically as packages
20 on an entire apartment complex. They identify a list of
21 measures, and a list of activities that are to be done,
22 including the basic six conservation measures. Those for
23 the most part are all included in the basic package.

24 What happens after you do your initial six, some
25 of the projects will move on into heating, air conditioning

1 systems. In the case of San Francisco, they'll be boiler
2 modifications in apartments, and in some cases, there will
3 be some solar energy activities being put. So we are not
4 bypassing the short-term, or the least payback periods and
5 options, we're basically having those required to be put
6 in initially as part of the entire financing package.

7 COMMISSIONER SCHWEICKART: Are those in the
8 contracts with these people required?

9 MR. ALVAREZ: Yes, they are. They'll be in the
10 grant agreements that the basic conservation measures, in
11 addition to what they do beyond the big six items will be
12 included in the measures. When we looked at payback,
13 we looked at the payback of the entire investment proposal
14 that was being contemplated by the apartment owner. So
15 we didn't specifically look at each and every measure,
16 even though we have a date on each and every measure that
17 looks -- that went into the measure. We look at the
18 entire investment proposal that the apartment owner or the
19 investment group who put the package together was suggesting
20 that they wanted to move forward with.

21 So there will be the big six items, the basic
22 conservation measures, and then from there on, they will
23 progress up, the basic items that will be installed.

24 CHAIRMAN IMBRECHT: Commissioner Commons?

25 COMMISSIONER COMMONS: Inlooking at the proposals

1 here, there's really not enough information, I feel, in
2 my packet, to understand what we're voting on. For example,
3 on the Redwood Community Action Agency, it just says there's
4 200 multi-family units, and we're requesting \$61,000.

5 I have no idea about any of the factors of the
6 project. It might be a good project, or it might be a poor
7 project, but I have no way of making an assessment from the
8 information that is shown. I don't know what the payback
9 is. I don't know what the leverage is. I don't know what
10 the need is. I don't know what the energy savings are.

11 There just isn't sufficient information for me to
12 -- I feel, to cast a reasonable or fair vote.

13 CHAIRMAN IMBRECHT: Well, I would just say, in
14 effect, then, it would seem to me what you're asking for,
15 Commissioner Commons, is to see every application, and this
16 is -- I think there's a fairly -- as indicated, I assume
17 that on the basis of these representations, staff believes
18 that this money could finance the installation of the solar
19 measures described in 200 units, based upon the criterion.

20 One question I just wanted to get resolved, didn't
21 we have a discussion over this criteria before the full
22 Commission?

23 COMMISSIONER COMMONS: No.

24 MR. ALVAREZ: The Committee presented the criteria
25 to the full Commission during the regular business meetings.

1 We developed an initial draft criteria, presented that
2 information to the Committee, then discussed the criteria
3 with the full Commission and any Commissioner who wanted
4 to discuss the criteria, we did.

5 The process we went through, then, as we reviewed
6 each of the applications presented a detailed description
7 of each of the projects in terms of energy savings, and
8 leverages, and geographic diversity to the Committee, and
9 then reviewed each of the applications individually, and
10 then presented that information to the Committee for
11 consideration.

12 CHAIRMAN IMBRECHT: I see. I just want to -- it
13 seems to me that this is perhaps, in essence, where staff's
14 being fairly suggestive that this criteria hasn't already
15 been past us once, and we have in effect authorized
16 utilization of this criteria, and now they're back, having
17 followed our direction, and having allowed the Committee
18 to review it, and this comes down to, again, a question of
19 what level of detail the full Commission is going to get
20 into if the Committee has reviewed each --

21 Let me understand this clearly. Has the Committee
22 reviewed each and every single proposal?

23 MR. ALVAREZ: The staff briefed each Committee
24 member on each of the particular projects. We developed --

25 CHAIRMAN IMBRECHT: Not just one Committee member,

1 but both?

2 MR. ALVAREZ: Both in our normal Committee
3 meetings.

4 CHAIRMAN IMBRECHT: Well, I'd just point that out,
5 and from a procedural standpoint, how we're going to handle
6 these things. Commissioner Commons?

7 COMMISSIONER COMMONS: All right. It did come
8 before the Commission, I did request the opportunity to make
9 comment on the criteria. I did make comment on the criteria,
10 in fact, I think made rather detailed comments. The system
11 that I saw at that time and made comment on is not the
12 system that we have here before us. This is the first time
13 that I've seen the point system the way it is currently
14 being utilized.

15 The revised systems never did come back before the
16 Commission. In terms of the following of the criteria, I
17 would still like to know, in order -- since we have to
18 vote on it, I would still like to know how projects ranked,
19 particularly on the two areas that I've always been concerned
20 with, I'd like to know what the payback period is, and I'd
21 like to know what the leverage is.

22 On the one project, on Redwood, there is less
23 information, so I'm really not sure of those two criteria
24 that have always been avoided.

25 COMMISSIONER GANDARA: Mr. Rauh, at the time you

1 presented this before the Committee there was also a
2 similar request for a matrix. This was a matrix of
3 indicators, criteria, and I believe you do have that,
4 don't you?

5 MR. RAUH: That's correct.

6 COMMISSIONER GANDARA: Okay. Wouldn't it be
7 easier if you just passed that out?

8 MR. ALVAREZ: I don't have copies. We developed
9 the individual scoring requirements of each of the individual
10 projects. The reviewers of the projects, I have their
11 individual score sheets in terms of the criteria they went
12 through, and gave points to each particular category, each
13 projects total score, and average score is then identified.

14 I made that available after the Tuesday request
15 from the Committee, and each of the projects is identified
16 in rank, individual scores, and then average scores identified
17 there.

18 COMMISSIONER CROWLEY: Mr. Chairman, I would
19 like to comment on this.

20 CHAIRMAN IMBRECHT: Commissioner Crowley?

21 COMMISSIONER CROWLEY: The information you sent
22 me is not really what I think is being asked for. I think
23 what would be appropriate is identifying each project, and
24 then going down each factor, and giving the weight that
25 was given to each project in each category and then totalling

1 those, rather than simply the total scores so that we can
2 get some idea of whether they ranked high, more highly in
3 some areas than others did, and how they finally sorted out.

4 MR. ALVAREZ: What we can do is we can go through
5 each of the projects by individual scores, or evaluators
6 on staff, and basically identify each of the point
7 categories, or total score, and then the particular items
8 that they identified. That would -- we would have four
9 reviewers, and then approximately the 15 projects to go
10 through.

11 MR. RAUH: We have that information here, and
12 can make copies for you. It would take us some time to
13 get the copies made and distributed.

14 COMMISSIONER GANDARA: Maybe we can hold the
15 item over.

16 CHAIRMAN IMBRECHT: Yeah, I think that's reasonable.
17 Let's just put it over for a few minutes, and maybe you
18 can see if one of our sister agencies here will let us
19 use the xerox. Commissioner Schweickart?

20 COMMISSIONER SCHWEICKART: Yes. Another question,
21 before we --

22 CHAIRMAN IMBRECHT: Let's make sure that all
23 the questions are out right now.

24 COMMISSIONER SCHWEICKART: I could go project by
25 project, but I wonder if you can tell me generally here, I

1 happened to look at one, just because I had some natural
2 identity with it, Cal Tech. I'm interested in two things,
3 who does the money go to?

4 MR. ALVAREZ: The money in the contract with the
5 state will go with the institution itself, California
6 Institute of Technology. We will have an agreement with
7 Cal Tech. Cal Tech wants to demonstrate some high
8 temperature solar systems on their rental property for
9 their students.

10 They will contact, or have been working with a
11 third party financing group who will attempt to raise the
12 additional capital on the project. All these projects
13 are all leveraged to some degree, so there will be additional
14 capital resources that will have to be accumulated in order
15 for the project to move forward.

16 Our agreement will go to the Cal Tech, they will
17 then determine what equipment, specifically the parts of
18 that equipment, and the financing arrangements with a
19 particular entity, and then basically will make capital
20 expenditures to that particular company for the purchase
21 of equipment.

22 COMMISSIONER SCHWEICKART: All right. And this
23 equipment goes -- the solar tracking collectors for hot
24 water for 20 family -- 20 multi-family units.

25 MR. ALVAREZ: Yes.

1 COMMISSIONER SCHWEICKART: Who pays the utility
2 bills?

3 MR. ALVAREZ: Currently the -- well, it's student
4 housing, so the students basically rent the units from the
5 institution.

6 COMMISSIONER SCHWEICKART: Yes, but isn't it
7 a flat rate, or a direct rate, or who pays the utility
8 bills? Does the tenant pay the utility bills, or does
9 Cal Tech pay it?

10 MR. ALVAREZ: No, the institution actually pays
11 the utility bill in this particular case. In other
12 cases, it's the tenants who have the --

13 COMMISSIONER SCHWEICKART: All right, so you
14 have a mix then. In terms of the recipients of the money,
15 in most cases, or perhaps in all cases, you're talking
16 about an institution, or the owner or manager of some kind
17 of apartment complex of some kind, and in terms of who
18 benefits, it may be the institution or the owner, or it
19 may be the tenant, and that's a mix, is that right?

20 MR. ALVAREZ: Primarily. For the most part, all
21 of them -- most of them have tenants, the low income, the
22 Casitas project in Hayward is a low income public housing
23 project. The tenants make their payments through the
24 housing authority, or in this case, the Casitas of Hayward
25 Company. They then in turn make the payments for energy,

1 electricity, primarily, under the proposal that they would
2 come in and make capital improvements for conservation,
3 the institution then would -- the specific parties set up
4 on a lease basis our funds would primarily go to subsidize
5 portions of that lease payment which are then the purveyors
6 of energy services to that particular organization.

7 So the benefit is -- to answer your question, the
8 benefit is broad. It goes to either the apartment owner,
9 or even the tenant in most cases.

10 COMMISSIONER SCHWEICKART: All right. I guess
11 what I want to understand is how does that match with the
12 Warner Amendments on PVEA? What are the provisions by
13 which we're guided here in allocating this money?

14 MR. ALVAREZ: As I understand the amendment, it
15 allows us to provide certain types of subsidy, and I think
16 the main constraint on the Warner Amendment is the ability
17 to make capital expenditures except in the case of a
18 demonstration project.

19 As I understand it, it allows us to make an
20 interest subsidy payment, which is not a direct payment.
21 The entity is required to go out and acquire capital,
22 finance that particular capital purchase on a loan basis,
23 then we can subsidize that particular payment.

24 I understand also that we can make -- we can
25 provide technical assistance under the Warner Amendment. We

1 can also make payments to Energy Service Company, and
2 we can also provide direct assistance if the project is a
3 demonstration project, or the energy savings certificate
4 that we suggested, which no proposal came in for, allows
5 us to provide funding to a lending institution for the
6 purpose of then making loans, and then subsidizing those
7 particular interest loans at the current market rate.

8 So it's my understanding that the mechanisms,
9 the financial mechanisms, the incentives we've chosen are
10 consistent with the Warner Amendment. The method by which
11 we chose to identify apartment owners, and solicit their
12 interest, and request their proposals is consistent with
13 state operation, primarily state procedures in terms of
14 requests for proposals and evaluation.

15 COMMISSIONER SCHWEICKART: All right. Does the
16 Warner Amendment address in any way the return of PVEA
17 funds to people who are overcharged?

18 MR. ALVAREZ: I believe the overall intent of the
19 PVEA restitution funds primarily rests initially with the
20 court settlement, the determination that if an individual,
21 or a particular entity could be identified as being harmed
22 in terms of overpricing, that they are first in line,
23 basically, for restitution from the federal government.

24 CHAIRMAN IMBRECHT: Let me ask a question, because
25 I think I know where Commissioner Schweickart is going, and

1 I think it would be useful to all of us.

2 Would it be possible to have a summary of all
3 restrictions on PVEA money prepared for each member of
4 the Commission?

5 MR. RAUH: Certainly, that would be --

6 CHAIRMAN IMBRECHT: I'm talking about a one or
7 two page outline that in effect sets the parameters of
8 what can and cannot be done with those money. Both from
9 Warner and I think there are also some guidelines from DOE
10 and so forth beyond the Warner Amendments.

11 MR. RAUH: That's correct, and there are also,
12 on a case-by-case basis, some special requirements dealing
13 with specific cases.

14 CHAIRMAN IMBRECHT: I know there have been some
15 instances where some of our -- well, not us -- well, I
16 guess us personally on one small item, that some other
17 agencies have been turned down as well, and in effect
18 sets a certain body of case law, I guess, in one sense
19 about what has been accepted as well.

20 But I know where Commissioner Schweickart's
21 concern is, and I share with him, I think we all need to
22 know this as clearly as possible what the restrictions are.

23 COMMISSIONER SCHWEICKART: Let me say, Mr.
24 Chairman, my problem here is that we're dealing with a
25 situation where, to be very frank about it, I'm being asked

1 to vote on two contracts, which in my own view rub up
2 against this question, and I've been asking this line of
3 questioning, and subsequent to those votes, my agenda item
4 continued from last business meeting, was there some
5 question about this very same issue comes up, when it's
6 only stating intent, let alone a specific project and a
7 decision to allocate funds.

8 CHAIRMAN IMBRECHT: How difficult would it be
9 to pull together that summary? Is that something that
10 Ms. Griffin might be able to do?

11 MR. RAUH: Well, she's not here today, we'd have
12 to take -- she's in Washington on another one of our
13 famous programs, the Energy Bank, but we can certainly
14 try to put that into context, perhaps a brief briefing
15 for you today, and then follow it up in writing.

16 The problem is, there are materials in writing
17 on this subject now, they're not in the two page variety,
18 they're a little more lengthy, and the difficulty is that
19 some of the monies come with specific strings attached.
20 Others are being administered under the Warner Amendments.
21 But we can certainly do our best when we come back with
22 this item to lay that out for you.

23 CHAIRMAN IMBRECHT: Correct me if I'm wrong, I'm
24 trying to remember now, myself, but some of the -- the
25 distinction is when the various cases were settled, is that

1 correct?

2 MR. RAUH: Yes, that's correct.

3 CHAIRMAN IMBRECHT: Some of the monies that were
4 early case settlements have basically DOE strings only,
5 and some of the monies that are later have both DOE and
6 the Warner strings, is that right?

7 MR. RAUH: Yes, and some of them actually have
8 court decision strings where the court said this should
9 go only -- this is an oil overcharge -- this is an oil
10 product overcharge, in other words the pricing violation
11 occurred in gasoline so it can only go for those types of
12 programs.

13 CHAIRMAN IMBRECHT: In the context, when we got
14 this money out of the task force decisions, and all the
15 rest of it, and when those discussions occurred over at
16 Department of Finance, there were several cases, it was
17 represented to us that California was going to enjoy the
18 proceeds from several cases.

19 The discussions, however, the total sum of
20 I believe \$18.9 million was all lumped together as the
21 various agencies discussed how to appropriately spend the
22 money. How do we know what the source is of the given
23 dollars that we ultimately ended up with, the \$12 million
24 or so that we ended up with? How do we trace it back to
25 an individual case?

1 My recollection is that in those allocation
2 decisions, the whole pot was kind of lumped together.

3 MR. RAUH: Yeah. I believe that all of the
4 money that we've received, all of our \$12 million came out
5 of one case. The other cases were small cases that have
6 in some instances specific ties to them, and I think you
7 mentioned earlier the problem that the Energy Extension
8 Service had in an allocation decision made by the Department
9 of Finance, and was turned down, and that was one -- it was
10 a small oil product case that came in, that the court
11 decision indicated it should go for gasoline or oil related
12 relief.

13 So it could go to something like gas cap, but
14 couldn't go to something like retrofitting of homes.

15 CHAIRMAN IMBRECHT: If we put this item over as
16 the first item after lunch, and then slip the other
17 schedule just slightly, Mr. Smith, do you think you'd be
18 in a position to brief the Commission on those restrictions
19 by that time?

20 MR. RAUH: Yes, we'll do our best.

21 CHAIRMAN IMBRECHT: Okay.

22 MR. RAUH: No question about that.

23 CHAIRMAN IMBRECHT: Short time, but why don't
24 we suggest that we take this item and we'll follow it
25 then, obviously, with the nonres incentive program discussion

1 as well, since they're both kind of contingent on the same
2 understanding, we'll take that at 1:30.

3 Okay. Item No. 5 is a contract for \$7,000 with
4 Department of Energy for Paul Hendrickson of Battelle
5 Northwest to provide our staff with guidelines for the
6 Home Energy Labeling Program. Mr. Smith?

7 DEPUTY DIRECTOR SMITH: Yes, this is being
8 presented by Valerie Hall of the Conservation Division.

9 CHAIRMAN IMBRECHT: All right, Ms. Hall?

10 MS. HALL: Good morning, Commissioners. I'm
11 Valerie Hall from the Conservation Division. I'm here to
12 present a proposed contract with the Department of Energy
13 for \$7,000 for the Home Energy Labeling Program.

14 Briefly, the Home Energy Labeling Program is a
15 three year program that the Commission has recently begun.
16 It is a retrofit program that is designed to encourage
17 home owners to retrofit their existing homes with the
18 incentives that the investment they make in conservation
19 measures can be reflected in the price, the selling price
20 of the home, the additional incentive is the fact that
21 home buyers will be able to go to lending institutions
22 and with a piece of paper show the lending institutions
23 that they are looking into a home that has conservation
24 measures installed which allows them to have lower utility
25 bills.

1 This will free up a greater amount of their
2 monthly income which they could use towards a mortgage
3 payment if that be necessary. The program is a three year
4 program. The first year is a -- starts out with the
5 development of the rating tool which can be used by
6 appraisers when they go into a home to determine the
7 energy efficiency of an individual residence.

8 Also, during the first year are three demonstration
9 projects. There's one with the City of Pasadena, one with
10 the City of Roseville, and one with the County of Marin
11 to demonstrate this program, to show that the program does
12 work. The three localities that were chosen were also
13 chosen because they represent different parts of California.
14 The intent is that the ratings that are done for retrofit
15 homes do not disagree with ratings, or compliance
16 techniques that would have been used for new buildings
17 such as the point system in our new residential building
18 standards so that there is no disagreement between the
19 two.

20 We have chosen these three localities to represent
21 different areas of California, a hot central valley area
22 such as Roseville, a coastal area such as the County of
23 Marin, and a Southern California area which is represented
24 by Pasadena.

25 The second year of the program would be to go on

1 to a regional demonstration to expand one or all three of
2 the demonstration projects to a regional-wide demonstration,
3 and the third year, the program is when we go to a statewide
4 voluntary program.

5 That's one thing I'd like to point out about this
6 program, this is not a standard, this is a voluntary program
7 as an alternative to mandates.

8 The purpose of this particular contract is to
9 get evaluation -- to have an evaluation expert give us the
10 techniques that are necessary for home labeling programs
11 to determine successes and the shortcomings of the
12 particular demonstration projects. This contract is with
13 the Department of Energy, which through Battelle Northwest
14 and specifically, it's Paul Hendrickson who is a specialist
15 in evaluating home energy labeling programs.

16 There have been programs in Washington, the State
17 of Washington, Minnesota, Massachusetts, and Florida, that's
18 the major programs, and Mr. Hendrickson is very familiar
19 with all these programs and has developed evaluation
20 techniques.

21 So we are contracting with him to use his knowledge
22 and to help us come up with the evaluation techniques for
23 this program here in California. It will help us to make
24 a better judgment on the three demonstration projects that
25 we will have going during this first year, and prepare us

1 more fully for the second year regional program.

2 CHAIRMAN IMBRECHT: Questions or comments?
3 Commissioner Commons?

4 COMMISSIONER COMMONS: This is the first I've
5 heard of a three year program. I remember, or recollect
6 the three demonstration projects which I supported. When
7 did the Commission ever discuss or agree to a three year
8 work plan item? I don't recollect this.

9 MS. HALL: I'm afraid I would not know when the
10 Commission -- when it was brought before the Commission.
11 Mr. Rauh would have a better --

12 MR. RAUH: Yeah, I think our discussion of this
13 item last year in the work plan activity indicated that it
14 had a three year duration, that to move from essentially
15 nothing in terms of a statewide approach that is non-
16 regulatory to achieving conservation in existing construction,
17 one could not do that without a series of steps to ensure
18 that we are not only going to have a cost-effective program,
19 but in effect, one that is totally picked up by industry
20 and run.

21 Our whole design here is to put some seed money
22 into this program and then basically turn it over to
23 industry.

24 CHAIRMAN IMBRECHT: My recollection, and I --
25 is that I recall the description of this in that context,

1 but with the understanding that at each stage, it would
2 be predicated upon an assumption that the previous stage
3 had indeed been successful. So the premise would be that
4 you have a trial, and assuming that the results from that
5 are what would be anticipated, then you move on to the
6 next stage, and that's my recollection.

7 MR. RAUH: And I would add that this contract, the
8 intent of this contract is to assist us to be able to make
9 those judgments, and thereby recommendations to you to
10 continue the program.

11 COMMISSIONER COMMONS: When you put it that way,
12 Mr. Chairman, it's substantially different, because --

13 CHAIRMAN IMBRECHT: I agree, I understand your
14 point. There has been no commitment to a three year
15 program. There has been a commitment to the first stage of
16 what would be a three year program, assuming it continues
17 to go forward.

18 COMMISSIONER COMMONS: Just makes a mistake to
19 make a demonstration if you -- the whole purpose of a
20 demonstration is to find out what works, or what doesn't
21 work, you may make modifications, or you may upgrade,
22 downgrade, or otherwise.

23 MR. RAUH: Exactly.

24 COMMISSIONER COMMONS: My second question is, in
25 the material that I have before me, it doesn't say that this

1 is a contract with the Department of Energy. It says to
2 me -- it's a contract, it says here, with the Battelle
3 Northwest.

4 MS. HALL: That was the original intent -- or
5 the original structure of the contract. Since that time,
6 we have actually gone with the Department of Energy to do
7 this contract. Battelle is one of the testing laboratories
8 for the Department of Energy.

9 COMMISSIONER COMMONS: Is that the Western
10 Regional Office or is it Washington?

11 MS. HALL: I believe it's the Western Regional
12 Office, but I'm not certain.

13 COMMISSIONER CROWLEY: Mine says Richland,
14 Washington on my agreement.

15 MS. HALL: Battelle is in Richland.

16 COMMISSIONER COMMONS: But when you say the
17 Department of Energy, who is approving the contract within
18 that? Is this the Western Regional office that we're
19 contracting with, or are we contracting with Washington?

20 MR. RAUH: Well, I believe Richland, Washington
21 is part of Region IX so the contract will go much like the
22 LBL contracts do, which is it goes to the lab for their
23 review from a technical standpoint, and it's reviewed by
24 DOE Region IX for administrative and overall consistency
25 with DOE policy. So I think it -- and then it ultimately

1 goes to Washington.

2 COMMISSIONER COMMONS: Well, I have personally had
3 a problem with the Western Regional Office. I made a
4 request to meet with them, and that request was denied
5 stating that all Commissioners from the Commission would
6 have to be invited, and took a period of a few months.

7 If we're having contracts with an agency and a
8 Commissioner doesn't even have access to that agency, that
9 would have serious concern to myself.

10 CHAIRMAN IMBRECHT: Well, I wish you'd called
11 that to my attention, because I think that probably could
12 have been resolved pretty easily. How long ago did that
13 request take place, Commissioner Commons?

14 COMMISSIONER COMMONS: I made that request during
15 last year. I didn't feel that as a Commissioner I should
16 have to ask another Commissioner to help set up such a
17 meeting, and it was officially turned down by the -- I
18 don't want to say the Executive Director, but the Regional
19 Director of the Region.

20 CHAIRMAN IMBRECHT: Regional Administrator I
21 think is the title.

22 COMMISSIONER COMMONS: The Regional Administrator
23 of Region IX was the individual who specifically turned it
24 down.

25 CHAIRMAN IMBRECHT: For whatever it's worth,

1 as I think I mentioned to you informally, there is a new
2 individual in place to assist in those kinds of liaison
3 problems between this agency and any aspect of DOE, and I'm
4 sure that he would be very surprised to hear that. But I
5 agree with your point, in any case. I don't know what else
6 to say. I think it could be rectified pretty quickly.

7 COMMISSIONER COMMONS: Also, on a home labeling
8 evaluation criteria, the Commission is moving more and
9 more away from the concept of sole source, and we even
10 have Commissioners who like to play the game of how you
11 set criteria, and I wouldn't consider us sole source
12 capable, in fact, if I were to ask the other Commissioners,
13 I think there are five of us who would say we all have
14 some pretty good ideas about how you set evaluation criteria.

15 I'm wondering in the area of home labeling, where
16 there has been so much done throughout the country, how
17 there is only one individual that could set this type of
18 criteria. Is there --

19 COMMISSIONER SCHWEICKART: Why don't you ask the
20 Committee?

21 COMMISSIONER COMMONS: Hmm?

22 COMMISSIONER SCHWEICKART: Why not ask the
23 Committee?

24 COMMISSIONER COMMONS: The second -- I'll ask
25 the Committee. The second part of that question would be,

1 is there a sense of urgency in this in terms of timing that
2 makes it difficult for us to go to an RFP? I recognize
3 it is a small amount.

4 MR. RAUH: I'd like to take a crack at both of
5 those before turning it over to the Committee. First of all,
6 this program is under the Buildings Committee's purview,
7 and we fully anticipate, and expect, and the Committee
8 expects that the evaluation criteria developed through this
9 effort will be fully discussed with that Committee before
10 they're finalized and utilized in the review.

11 To the particular individual's expertise, I think
12 as Ms. Hall indicated in her overview, this gentlemen
13 happens to be -- happens to have made his technical
14 speciality for a number of the past years, specifically
15 in evaluating -- establishing and evaluating home rating
16 systems throughout the country.

17 So, he's uniquely qualified in that sense, and
18 we haven't been able to identify anyone else who has had
19 the opportunity, luxury, or job to specifically spend his
20 time evaluating these programs.

21 In addition, the timeliness of the issue, I think
22 there is a case of timeliness. First of all, we're trying
23 to utilize funds out of this year's budget that were set
24 aside for this project. We would lose those, but aside
25 from that, in the question of an RFP at this time, we would

1 lose the opportunity to have this contractor on board
2 while we're putting together the specific three demonstration
3 projects. We have meetings planned over the summer with
4 the three localities.

5 The express intent of building evaluation through
6 this effort, into their ongoing work, and that's one of
7 the things that they will be doing as part of their
8 contractual responsibilities to us, is carrying out
9 individual reviews consistent with guidelines the Committee,
10 staff, and this contractor agree on.

11 CHAIRMAN IMBRECHT: Further questions? Commissioner
12 Schweickart, I'm sorry, he was going to respond.

13 COMMISSIONER SCHWEICKART: Yeah. I suggested
14 consulting the Committee somewhat facetiously to Commissioner
15 Commons because frankly, the Committee was not involved in
16 this matter at all, and it's my intention to vote against
17 the contract.

18 I do so without any prejudice against the
19 intention here. It maybe, in fact, be a very good idea.
20 It probably is. The person may be very qualified and may
21 be a real asset, but I have expressed my concern about this
22 project in the past. When I express concern, when I
23 specifically find out about something and ask about it,
24 the Committee is consulted, or were at least informed.

25 But once again, there was -- I knew nothing about

1 this until it was on the business meeting agenda, and my
2 staff had to inquire of the conservation staff what this
3 was about in order to find out about it. So let me just
4 say for information, and without prejudice to the intention
5 or the characters, the personnel involved, I will not be
6 supportive.

7 MR. RAUH: I can respond to that. It's unfortunate
8 that we have apparently failed to keep the Committee
9 adequately involved. However, at the Committee's request,
10 we did provide a detailed program briefing of this item,
11 provided a lot of information both in terms of what we
12 planned to do with this year's monies, and what we saw
13 happening in future years if this concept was successful.

14 It was my understanding that in that briefing
15 we did indicate that we were going to do two contracts,
16 one for technical assistance, and one for evaluation, but
17 apparently we did not carry through to the level of detail
18 that is appropriate for staff/Committee relationships, and
19 that's unfortunate.

20 CHAIRMAN IMBRECHT: Okay. This clearly is a
21 program within Commissioner Schweickart's Committee
22 jurisdiction.

23 MR. RAUH: That's correct.

24 CHAIRMAN IMBRECHT: And we do have a policy that
25 all contracts should be run through the Committees and I'm

1 at a loss. Let me ask you, what are the implications in
2 the event the contract is not granted today?

3 DEPUTY DIRECTOR SMITH: The implication would be
4 that if the proposal was supported at a later date, and
5 was to go forward, it would have to be funded out of next
6 year's funds.

7 MR. RAUH: That's correct.

8 CHAIRMAN IMBRECHT: So we're talking about a
9 reversion of 83/4 FY.

10 DEPUTY DIRECTOR SMITH: The \$7,000.

11 COMMISSIONER COMMONS: I would have no objection
12 of putting the item over so that the Committee would have
13 an opportunity to review it.

14 DEPUTY DIRECTOR SMITH: We were under the
15 impression that this had been through the Committee, so
16 we wouldn't oppose it being put over.

17 CHAIRMAN IMBRECHT: Come again? You were under
18 the impression that --

19 DEPUTY DIRECTOR SMITH: That the Committee had
20 been briefed, and it turned out that the Committee was
21 not informed.

22 CHAIRMAN IMBRECHT: I understand that, but the
23 last phrase, you said, so we would oppose putting it over.

24 DEPUTY DIRECTOR SMITH: No, we would not oppose.

25 CHAIRMAN IMBRECHT: Not oppose, okay. Is that

1 acceptable, can we take this item up later today?

2 COMMISSIONER SCHWEICKART: I would -- to the
3 Commission, I want to make it very clear here. I'm making
4 a statement of principal that I'm concerned about, I've
5 expressed it before. It may be that in a briefing when
6 I asked for it last time on home energy labeling, we did
7 receive a briefing, it may be that this was alluded to at
8 that time, this was three months ago, or more, something
9 like that, three months ago. No? When was it?

10 MR. RAUH: I think it was perhaps six weeks at the
11 most.

12 COMMISSIONER SCHWEICKART: Well, okay, we can
13 look that up, but my recollection is it's further along
14 than that. But certainly, I didn't see this contract,
15 and have no knowledge of Mr. -- I mean, the Committee has
16 not done any specific review on Mr. Hendrickson, or
17 Battelle and what the work is that they've done. There's
18 been no review of that kind on it.

19 So I want to emphasize that I have -- I am
20 completely neutral in terms of Mr. Hendrickson, Battelle,
21 the value of the contract, that is not the issue. I'm
22 making a statement of principle.

23 Now, the consequences of putting this over, I
24 understand is that it would have to come out of next year's
25 funds, and we would lose the current year funding capability.

1 That is a matter for the rest of the Commission to decide
2 and I don't -- I have no position on it.

3 DEPUTY DIRECTOR SMITH: Right. We would address
4 it as part of the 84/85 work plans that we'll be bringing
5 to you at the next meeting.

6 CHAIRMAN IMBRECHT: Well, I'm a little at a loss.
7 I guess I would just say that I'm reluctant to see us take
8 that, or have that kind of consequence be generated out
9 of what has been mistaken, and it sounds to me as if
10 there's appropriate concern on the part of the staff that
11 that mistake was made, and at the same time, I hate to
12 see the consequences visited that deprive us of utilization
13 of these funds. Commissioner Crowley?

14 COMMISSIONER CROWLEY: Mr. Chairman, I agree with
15 Mr. Schweickart's assessment of how much the particular
16 Committee has seen this, but looking at the materials
17 before us, and looking at the way the contract is part of a
18 progression of steps that will lead to what I see as a
19 very beneficial way of handling this particular area of
20 interest, it seems to me that we would be able from the
21 materials before us to move on this particular contract, and
22 then having received the information, and the understanding
23 that the director has, that we indeed are looking for an
24 in-depth evaluation of this particular phase. I would
25 like to go ahead with this.

1 CHAIRMAN IMBRECHT: Okay. Well, if it were a
2 larger sum of money, I would be more reluctant to go ahead,
3 but I do think it is a relatively modest sum, and in the
4 context of the general understanding of the program, I
5 would be inclined as well, but it's really dependent upon
6 the Commission.

7 Maybe the best way to do it is just put it forward
8 as a motion. Commissioner Crowley, will you move the item?

9 COMMISSIONER CROWLEY: Yes, I'd be happy to move
10 that this --

11 CHAIRMAN IMBRECHT: I'll second it -- pardon me?

12 COMMISSIONER COMMONS: I always would second if
13 you didn't.

14 CHAIRMAN IMBRECHT: All right. If there is no
15 further discussion, let me ask, we know that there is
16 objection to a unanimous roll call. Commissioner Schweickart
17 do you wish to be recorded as a no or as an abstention?

18 COMMISSIONER SCHWEICKART: No, excuse me, I'd
19 be recorded as a no.

20 CHAIRMAN IMBRECHT: As a no, all right.

21 COMMISSIONER COMMONS: I'll be a no.

22 COMMISSIONER GANDARA: I'll abstain.

23 CHAIRMAN IMBRECHT: I think we better call the
24 roll in that case. Let me ask, is there any feeling that
25 your concerns can be resolved by virtue of a briefing by

1 staff?

2 COMMISSIONER GANDARA: Are you talking to me, or --

3 CHAIRMAN IMBRECHT: Commissioner Gandara.

4 COMMISSIONER GANDARA: Well, I'll tell you the
5 reason for my abstention is that I've stated before, I
6 think it's important for Commissioner concerns. It's
7 unfortunate that there's been a breakdown here, but now I
8 have no problems with the contract, or even the selectee.
9 I don't know much about this area but I certainly, as in
10 most items, I would depend on the Committee's review and
11 guidance.

12 I have some other concerns that have to do with a
13 related area, which I preside over some Committees and
14 some questions about what staff is working on what, that
15 might, in fact, affect my Committee, and that's a minor
16 concern here, but I think that it's important that
17 principles not just be articulated without some support.

18 That's important to me. I've been on the
19 receiving end of this and I don't appreciate that either.
20 I can understand Commissioner Schweickart's feelings. I'm
21 just in the opposite position you are, Mr. Chairman, that
22 if there were a larger amount, you know, I might be more
23 concerned about putting it over.

24 If it's a small amount, then I think that --

25 CHAIRMAN IMBRECHT: Okay. Well, Commissioner

1 Commons, I assume your comments might be similar to that,
2 is that accurate or not?

3 COMMISSIONER COMMONS: I just feel that our
4 time is too valuable to -- and I've seen us come back two
5 or three times where we have made mistakes up here because
6 we have not done adequate review of contracts, and I really
7 feel it's important for the Commission, despite my
8 concurrence in this instance with Commissioner Crowley's
9 statement, she's probably right, I just think it is very
10 important that someone review all contracts that come before
11 us, and we not be sitting up here trying to review contracts.

12 Now, I cannot -- I don't have the time, and I
13 don't think you have the time to review all contracts that
14 come before us.

15 CHAIRMAN IMBRECHT: Well, I guess the real issue,
16 obviously, is to what extent, by virtue of this discussion,
17 has staff genuinely gotten the message this time or not,
18 and if there's a willingness to give them the benefit of the
19 doubt, but apparently there is not.

20 COMMISSIONER COMMONS: It's not the first time
21 it came up, the issue.

22 CHAIRMAN IMBRECHT: Okay, I think we just better --
23 please call the roll.

24 SECRETARY GERVAIS: Commissioner Commons?

25 COMMISSIONER COMMONS: No.

1 SECRETARY GERVAIS: Commissioner Crowley?

2 COMMISSIONER CROWLEY: Yes.

3 SECRETARY GERVAIS: Commissioner Schweickart?

4 COMMISSIONER SCHWEICKART: No.

5 SECRETARY GERVAIS: Commissioner Gandara?

6 COMMISSIONER GANDARA: Abstention.

7 SECRETARY GERVAIS: Chairman Imbrecht?

8 CHAIRMAN IMBRECHT: Aye. Ayes 2, noes 2, one
9 abstention, the motion was not carried.

10 COMMISSIONER GANDARA: Mr. Chairman, I would
11 recommend that this be calendared at the next business
12 meeting.

13 CHAIRMAN IMBRECHT: Excuse me, that this be
14 calendared for the next business meeting?

15 COMMISSIONER GANDARA: Yes, I presume that
16 between now and then there will be appropriate review.

17 COMMISSIONER SCHWEICKART: I believe the next
18 business meeting is the 18th of July, is that correct? I
19 believe we will have a Committee meeting -- it's an
20 unusual circumstance, because I happen to be on leave for a
21 week in the middle of that, and I'm trying to recall my
22 personal schedule.

23 I think the Committee meets under Commissioner
24 Crowley, if I recall --

25 COMMISSIONER CROWLEY: On one occasion, yes.

1 COMMISSIONER SCHWEICKART: Yeah, on the one
2 occasion, and I will not be present at the next business
3 meeting. I don't think that that is important. I'm
4 more interested in the Committee reviewing --

5 COMMISSIONER GANDARA: Let me suggest that we
6 put it back on.

7 CHAIRMAN IMBRECHT: To be dealt with --

8 COMMISSIONER SCHWEICKART: I think that's fine.

9 COMMISSIONER GANDARA: I don't think there's a
10 problem with approval of the contract, I think it's a
11 problem with approval today.

12 COMMISSIONER CROWLEY: Yes.

13 CHAIRMAN IMBRECHT: Okay, well, I hate to see us
14 lose the money, but in any case, it goes.

15 Item No. 6, Commission consideration and possible
16 approval of 43 grants and 10 loan applications for energy
17 conservation projects in schools and hospitals throughout
18 California. The awards total \$3,062,174 in grants and
19 \$698,496 in loans.

20 DEPUTY DIRECTOR SMITH: This item will be
21 presented by Wendell Bakken of the Conservation Division.

22 MR. BAKKEN: This is the seventh time we've
23 come before you with these grants. It's actually called
24 Cycle 6, but it's the seventh time we've been here.

25 Since the time of the agenda announcements, there

1 has been a change in the total number of grantees and the
2 total loan amount. The grantees has dropped to 42, and the
3 loan amount has increased to \$711,197. This occurred
4 because on June 20th, the Simi Valley Unified School
5 District withdrew their application for \$94,377 and we
6 subsequently redistributed that money to the next
7 organizations on the list.

8 You'll see on the slide on the wall, perhaps you
9 will, we've displayed the way the money is available,
10 and how we are proposing to -- how are we recommending that
11 DOE distribute it. The total amount of funds available
12 was \$3,062,174 in grant money. We are recommending that
13 all of it be granted.

14 In the hardship funds, there was a 10 percent
15 maximum. We got sufficient requests that we are recommending
16 that the full 10 percent be awarded for hardship. In
17 technical assistance grants, we've set aside 15 percent of
18 the total as a maximum. We did not receive sufficient
19 applications for the 15 percent, so we're recommending that
20 only \$296,535 be awarded.

21 The remainder would be used for energy conservation
22 measure grants, or the \$2,296,631. Since we didn't utilize
23 all of the TA money, we are recommending that the number you
24 see on your right there, \$2,549,422 go to energy conservation
25 measure grants.

1 As you may or may not recall, we must distribute
2 at least 30 percent of the money to schools, and at least
3 30 percent of the money to hospitals. You can see on the
4 right there that it's about a 60/40 split this time by
5 virtue of the scoring criteria.

6 We are also eligible to receive up to five
7 percent of the money granted for administrative purposes.
8 Due to the administrative funds granted us from Cycles 1
9 through 4, we still have sufficient money to operate the
10 program for several years, so in Cycle 5, and now again in
11 Cycle 6, we are not requesting -- and after discussion with
12 the budget office, we are not requesting the five percent
13 administrative funds.

14 At the bottom you will see the available state
15 loan funds. We're somewhat over \$3 million. The requests
16 for those projects which are receiving grants only reach
17 \$711,197. So we're requesting that the Commission approve
18 the recommendations which are in the packages that you have,
19 as well as allow the Executive Director to execute
20 the loans.

21 Now, I've prepared some breakdowns of how this
22 money is being distributed amongst various institutions
23 and we can run through this at your pleasure. If you would
24 like to have me go through what I've done, is taken what
25 we got in applications from various sectors of the eligible

1 community, and then what we are awarding in the way of
2 grants and/or loans.

3 In the area of technical assistance, there were
4 no requests for loans for technical -- to match technical
5 assistance grants, so therefore, I don't have any loan
6 information on this sheet. But this does show you what was
7 requested, and subsequently, what we are recommending that
8 the Commission approve to be forwarded to the Department of
9 Energy.

10 Are there any questions on this particular slide?

11 CHAIRMAN IMBRECHT: Questions?

12 MR. BAKKEN: Okay. The next one shows the
13 applications for energy conservation measure grants that
14 were received, and loans which were received, and this is
15 strictly the application. You notice we have a little over
16 \$3 million in grant money available, and we received
17 approximately \$12 million in requests.

18 Now, the \$12 million would be for the full project
19 cost, and as you recall, this program funds typically 50
20 percent of the project cost. So this would -- to be able
21 to fund all of the energy conservation measure grants, we
22 would have to have approximately \$6 million in grant funds
23 available.

24 The next slide shows distribution amongst these
25 entities for the recommendations that we are making, and

1 with the intended energy savings at the bottom of the slide.
2 You will note that with the approximately \$3.4 million in
3 loans and grants, there is an intended \$2.1 million of
4 monetary savings annually from these projects.

5 The last slide I have up here is a list for your
6 information of people who -- or organizations who applied,
7 but for one reason or another are not receiving our
8 recommendation. A majority of them, you'll notice an NR
9 behind their name. The buildings that they applied for
10 did not rank high enough in our scoring criteria.

11 Two organizations did not supply sufficient
12 information to allow either our staff, or the staff from
13 Rockwell International to sufficiently judge the
14 technical merits of the program, that's Palomar Community
15 College, and Stanislaus County Department of Education.

16 There were also three that withdrew, Oxnard
17 Unified School District, Redwood City School District and
18 Simi Valley Unified School District.

19 With that, are there any particular questions I
20 might answer?

21 COMMISSIONER COMMONS: First, I want to thank you
22 for giving documentation in here. That helps us in terms
23 of following -- this is the type of information that assists
24 me. I just have two or three short questions. Almost
25 everybody comes in at the 50 percent level and I'm

1 understanding from you that there are a number of projects
2 that are worthwhile in the \$12 million, and it's only
3 because of lack of funds that we haven't been able to fund
4 them.

5 When we look at payback, we've been looking only
6 at payback in terms of the project, and not of our dollars.
7 Is there any way that we can leverage our funds somewhat
8 better so that we can assist in the funding of more
9 projects? I have a hunch that if some of the applicants
10 weren't assured that they put up 50 percent of the funds,
11 they would have gone ahead with these projects, if we had
12 been putting up 40 percent and they had been putting up 60
13 percent, and it won't affect me in terms of how I vote today.

14 But I think it's something that we should try to
15 look at as to if we don't have to put up 50 percent of the
16 funds, why should we?

17 MR. BAKKEN: Well, first of all, I might mention,
18 as we did in the last round of grants, that we are going to
19 address our state plan, and our scoring criteria, and what
20 have you, during the first quarter of this next fiscal
21 year that's presented in the work plan today.

22 Secondly, we do have a limitation right now as
23 to the maximum award given to any one institution. Currently,
24 it's 10 percent of the available funds, or \$400,000, whichever
25 is greater. We could potentially drop that maximum down,

1 and subsequently not funds as high a percentage of the
2 higher cost projects. But we are going to specifically
3 address these types of issues during July, August and
4 September and then come back to the Commission through the
5 Committee with proposals to either stay the same or change.

6 COMMISSIONER COMMONS: In looking at the payback
7 periods, almost all projects were less than four years, and
8 I'm looking at the associates of Sutter Community Hospital,
9 which is the highest simple average payback, and the
10 leverage is again, barely the 50/50. Were there other
11 projects that we did not fund that had better paybacks, or
12 how did this one --

13 MR. BAKKEN: Yes.

14 COMMISSIONER COMMONS: How did this one make it?
15 There seems to be such a tremendous gap on the payback
16 between this and the next quarter's project?

17 MR. BAKKEN: Well, you'll notice also, Mercy
18 Medical Center in Redding has a 4.2 year payback. The
19 reason that these two, and several other hospital organiza-
20 tions get to the top of the ranking, or near the top, is
21 because the last time we changed the scoring criteria,
22 we gave a weighting of 20 points to the use of renewable
23 resources.

24 In both of these cases, they are using hospital
25 waste to fuel an incinerator with a waste heat boiler, and

1 so they get a big jump on those that are just doing
2 conservation projects without using renewables, and we
3 termed -- and DOE approved our use of hospital waste as a
4 renewable.

5 COMMISSIONER COMMONS: Thank you.

6 CHAIRMAN IMBRECHT: Okay. Further questions?
7 Mr. Bakken, I think that was a very good presentation, and
8 I second Commissioner Commons' remarks. Further questions?
9 Do I hear a motion?

10 COMMISSIONER GANDARA: I'll move it.

11 CHAIRMAN IMBRECHT: Moved by Commissioner Gandara,
12 seconded by Commissioner Commons, is that all right? Is
13 there anyone that wishes to testify on this matter? Is
14 there objection to a unanimous roll call? Hearing none,
15 ayes 5, noes none, the motion on the item is adopted as
16 presented.

17 Item 7 is an interagency agreement for \$400,000
18 with Teale Data to provide data processing services for
19 84/5. Mr. Smith?

20 DEPUTY DIRECTOR SMITH: I think we have a
21 representative from Administrative Services to address
22 that contract. This is our standard agreement, and the
23 reason it's being brought to you at this time is to ensure
24 that the agreement is in place at the beginning of the next
25 fiscal year.

1 CHAIRMAN IMBRECHT: Are there any questions? I
2 think this is fairly straightforward. Commissioner
3 Commons.

4 COMMISSIONER COMMONS: I just had one. This is a
5 large computer system, and it is still very expensive
6 compared to the use of some of the smaller computer systems
7 that are available, and an awful lot of the programs that
8 we have within the commission can be run on small programs.

9 I continue to request the Executive Office to
10 look at how we can be more cost-effective in terms of use
11 of our computers by having mini-computers available to do
12 work that does not need the mainline computer.

13 DEPUTY DIRECTOR SMITH: That is being done in
14 terms of expanded use of the Data General equipment that
15 the Commission has. Also in this last year, we proposed
16 to acquire additional microcomputers for the Commission,
17 unfortunately, that was a loss in the budget process and
18 was not approved.

19 But we are moving in that direction, and we
20 certainly concur with the goal.

21 COMMISSIONER COMMONS: Is it in the budget for
22 this year?

23 DEPUTY DIRECTOR SMITH: No, the acquisition of
24 the microcomputers we've taken out of the budget.

25 COMMISSIONER COMMONS: It was taken out?

1 DEPUTY DIRECTOR SMITH: Yeah, earlier in the
2 budget process.

3 COMMISSIONER COMMONS: By us or by someone else?

4 DEPUTY DIRECTOR SMITH: No, that was during the
5 earlier Department of Finance review.

6 COMMISSIONER COMMONS: I guess what I would like
7 to know is how much it's costing us by not having micro-
8 computers, or how much we're saving by not having micro-
9 computers to do some of the work. I'd like to understand
10 the cost-effectiveness here.

11 DEPUTY DIRECTOR SMITH: I think some of the cost-
12 effectiveness questions were addressed in some background
13 material that we've prepared for the budget, and we'll make
14 that available to your office.

15 COMMISSIONER COMMONS: Thank you.

16 COMMISSIONER CROWLEY: I'd appreciate that too
17 please.

18 DEPUTY DIRECTOR SMITH: Sure.

19 CHAIRMAN IMBRECHT: All right. Do I hear a
20 motion on this item? Commissioner Gandara, do you have a
21 question, or --

22 COMMISSIONER GANDARA: It was more of a comment
23 along Commissioner Commons' comment. Somehow I've been a
24 bit concerned, not in the worried sense, but rather in
25 whether we're taking full advantage of the computing

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1 capability and information systems at the state at which
2 we're at, that it somehow seems that not just in our
3 organization, but in many organizations, that the most use
4 of the management information systems is made for perhaps
5 sometimes its most common purposes like word processing,
6 and we are at a stage where it might, in fact, be useful
7 to consider whether microprocessing equipment that the
8 Commissioners offices, with the Executive Office and the
9 division level might in fact not assist considerably the
10 communications among the Commissioners.

11 I can conceive of all sorts of utilization of
12 message boards that could, in fact, be used in a remote
13 manner by the Commissioners to communicate, as well as to
14 process a number of items.

15 So is there any consideration being given to the
16 acquisition of personal computers, and distributing them
17 throughout the Commission like that, or at least, if
18 that's not the way to do it, at least video -- remote
19 video terminals that can be utilized again, you know, for
20 management purposes as opposed to sort of just crunching
21 out volumes of work?

22 EXECUTIVE DIRECTOR WARD: Yeah, I understand,
23 Commissioner, precisely what you're talking about. In fact,
24 Commissioner Schweickart has raised the same issue. It's
25 my understanding that Mr. Donaldson and the DP staff are

1 taking a look at this, as well as some other data processing
2 issues, and we'd be happy to get back to you on the status
3 of that.

4 CHAIRMAN IMBRECHT: Any further questions? Is
5 there a motion? I'll move the contract, is there a second?
6 Second by Commissioner Commons. Is there objection to a
7 unanimous roll call? Hearing none, ayes 5, noes none,
8 the interagency agreement is granted -- approved.

9 Item No. 8 is the consent calendar, it's a no
10 cost time extension to the contract with LBL for computer
11 time related services, computer programs will be utilized
12 in the nonresidential building standards project and the
13 residential conservation service follow-up study.

14 Commissioner Schweickart, are you familiar with
15 this one? It's the same issue -- I mean, question, I
16 assume this is --

17 COMMISSIONER SCHWEICKART: I beg your pardon, I
18 was in the middle of a memo.

19 CHAIRMAN IMBRECHT: Item No. 8 is an item that
20 again should have been reviewed by your Committee, we're
21 simply trying to shortcircuit further discussion if that
22 has not occurred.

23 COMMISSIONER SCHWEICKART: This has not been in
24 fact reviewed by Committee, at least I don't believe this
25 was brought forward. Bill, do you --

1 COMMISSIONER CROWLEY: This has been brought to
2 the business meeting however.

3 COMMISSIONER SCHWEICKART: Let me catch up with
4 where we are.

5 CHAIRMAN IMBRECHT: It's Item No. 8, it's a no
6 cost time extension, and it's for computer time related
7 services for nonresidential --

8 COMMISSIONER SCHWEICKART: Yes, I beg your
9 pardon, yes, we did go into this one, I have no problem
10 with it.

11 CHAIRMAN IMBRECHT: Okay. It's fairly straight-
12 forward, are there any questions or concerns by members of
13 the Commission? Moved by Commissioner Schweickart, seconded
14 by Commissioner Crowley, is there objection to a unanimous
15 roll call, ayes 5, noes none.

16 MR. PENNINGTON: Thank you.

17 CHAIRMAN IMBRECHT: Thank you. Is there objection
18 to approval of the minutes as prepared? Have we got
19 minutes prepared? Somebody inform me if we have minutes
20 in the book, I unfortunately left my book on the coffee
21 table at home.

22 COMMISSIONER CROWLEY: Mine has.

23 CHAIRMAN IMBRECHT: Okay. Is there objection?
24 Okay. The minutes will be approved as presented. Are there
25 any Policy Committee Reports to be presented to the

1 Commission? Commissioner Crowley?

2 COMMISSIONER CROWLEY: Mr. Chairman, there's a
3 report on legislation, including an update of our own
4 legislation pending, and a piece of legislation upon which
5 the Commission had made a decision that became active
6 again because of a new component in its makeup, and that
7 is SB 2102. Dennis, will you speak to that first, and
8 then we'll talk about the CEC sponsored legislation.

9 MR. FUKUMOTO: Right. You have a copy of a memo
10 before you that Commissioner Crowley requested some
11 information from our staff on GRDA and the PILT issue.
12 What we needed to hear is a clarification of the Commission
13 position that was taken on SB 2102 regarding the eligibility
14 for funding for GRDA.

15 It appeared that the position that was taken
16 previously to exclude all public utility districts from
17 eligibility from GRDA funding would come into conflict
18 with the counties if they attempted to avoid the PILT issue
19 by forming a special district to be eligible to receive
20 GRDA funds.

21 Therefore, we requested a clarification of this
22 position, and determined that there were three Commissioners
23 who agreed to clarify that position to state that we would
24 limit eligibility, excluding public utility districts which
25 generate electricity for sale in the range of 50 megawatts

1 and above.

2 COMMISSIONER CROWLEY: This was not formally
3 brought to the Committee, however, it was discussed with
4 Commissioner Gandara, and his position was different, and
5 I would like to have that noted for the purposes of this
6 record.

7 MR. FUKUMOTO: Correct. The reason that we had
8 to get the three Commissioners positions prior to the
9 business meeting was that this bill was coming before the
10 Legislature at a Committee hearing on Tuesday, and we
11 needed to get a clarification as to what the amendments
12 should be by that Committee meeting date.

13 CHAIRMAN IMBRECHT: Commissioner Gandara, do you
14 want to comment on this?

15 COMMISSIONER GANDARA: Mr. Chairman, the issue is
16 moot. I think probably the only issue remaining is one of
17 what procedure should we really follow in these matters. I
18 have some concerns with -- you know, the Commission did
19 take a position before, the full Commission, a unanimous
20 position I should say, to exempt public utility districts.

21 This thing went round and round and came back to
22 us under different guises, and eventually, I guess a
23 persuasion of a different position on this matter. My only
24 concern was that in this process or procedure at least I
25 didn't have the opportunity to communicate those concerns

1 to anyone other than, I guess, Commissioner Crowley
2 directly.

3 So that I would just say that it probably is
4 incumbent upon us to develop a procedure whereby, you know
5 once we have a full Commission discussion and a public
6 position on that, that when we change those, in fact,
7 there's an opportunity to have a full discussion of that,
8 whether it's within a Commission meeting, or outside of
9 that somehow.

10 COMMISSIONER CROWLEY: Well, I would be happy to
11 have the Legislative Committee look at this. This is a
12 time when I think the legislative mode is sort of on hold,
13 and so I think it would be appropriate for us to think
14 about that, and then bring back our thoughts to the full
15 Commission.

16 CHAIRMAN IMBRECHT: I think that's a good idea,
17 and I'm going to just say something very clearly, and this
18 is an apology to you, Commissioner Gandara, I should have
19 asked the question, but I won't get into a name situation,
20 but when this was discussed with me, I was not informed as
21 to the split on the Committee, and it was my omission in
22 not making that inquiry.

23 But I think that it is essential when time
24 necessitates that there be a position taken by the
25 Commission outside of a business meeting, in the event that

1 we ultimately continue to see that as appropriate under
2 the circumstances, that there be an affirmative responsibility
3 to inform each Commissioner as the issue is brought to them
4 for their consideration as to the viewpoints of the two
5 members of the Committee that have initially reviewed them.
6 Commissioner Commons?

7 COMMISSIONER COMMONS: For your consideration,
8 Commissioner Crowley, generally on these matters we have
9 two Committees, one is the Legislative Committee, and the
10 other is the Technical Policy Committee that has had the
11 detail.

12 My tendency will be in the future, I believe, and
13 I want to think about it a little bit, but is to have the
14 Presiding Member of both the Legislative Committee and the
15 appropriate Technical Committee in concurrence, or at least
16 not in opposition, recognizing that in a number of instances
17 where this does come up, that that individual is not
18 available, then in that case, the second member of the
19 Committee.

20 So at least we have the two people who have been
21 most following the legislation initially in support. This
22 was an area I know very little about now, and knew -- have
23 not had great study, but to me in a sense, it's like
24 contracts, we need to have a procedure whereby we can act,
25 and the primary burden should fall on the Presiding Member

1 of the Legislative Committee and the Technical Committee.

2 CHAIRMAN IMBRECHT: Okay. I think the item has
3 been adequately discussed. Commissioner Crowley, other
4 presentations?

5 COMMISSIONER CROWLEY: Only that we would like
6 ratification of this language. It was presented at the
7 hearing, and after having discussed it, having Dennis
8 discuss it with the individual Commissioners, we thought it
9 was appropriate to bring it to the attention of the
10 business meeting.

11 CHAIRMAN IMBRECHT: Okay.

12 COMMISSIONER CROWLEY: And the other --

13 COMMISSIONER SCHWEICKART: Excuse me. I want to
14 understand aside from I think a real question here of
15 procedure which Commissioner Gandara identified, why is it
16 that you wanted to bring it forward. Is there still an
17 issue of -- did the item come up?

18 COMMISSIONER CROWLEY: Yes, that was our problem.

19 MR. FUKUMOTO: Yes, the item came up. We just
20 need a formal business meeting position adopting what was
21 presented.

22 COMMISSIONER CROWLEY: My point was that we had
23 to deal with this at the meeting on Tuesday, but since we
24 were having a business meeting today, I thought it was
25 appropriate that it become a formal piece of business for

1 the meeting.

2 COMMISSIONER SCHWEICKART: Is it in the process?

3 CHAIRMAN IMBRECHT: It was heard in the
4 Legislature yesterday.

5 MR. FUKUMOTO: Right, Tuesday in the Legislative
6 Committee, and the --

7 COMMISSIONER SCHWEICKART: First house?

8 CHAIRMAN IMBRECHT: Second house.

9 MR. FUKUMOTO: Second house.

10 COMMISSIONER SCHWEICKART: Second house, so it
11 will go to finance and then on to the floor?

12 EXECUTIVE DIRECTOR WARD: It will go to Assembly
13 Ways and Means.

14 COMMISSIONER SCHWEICKART: Assembly Ways and
15 Means and then to the floor.

16 MS. STETSON: The amendments, by the way, were
17 adopted by the author, as the author's amendment.

18 COMMISSIONER SCHWEICKART: Well, I -- at this
19 point, I guess there's a question in my mind, do we in
20 fact need a position beyond what was already indicated
21 yesterday?

22 MR. FUKUMOTO: I believe that the only place that
23 the Commission can adopt formal positions are in business
24 meetings.

25 MS. STETSON: We would like to take it through

1 the normal process and get an official position because
2 we will then have --

3 COMMISSIONER SCHWEICKART: At the risk of another
4 reversal?

5 MS. STETSON: No.

6 COMMISSIONER SCHWEICKART: But that's the reality
7 of what you're dealing with. What I'm suggesting is --
8 and I do want to add something here for the sake of staff.
9 I was informed that Commissioners Gandara and Crowley were
10 not in concurrence, and the staff represented to me that
11 Commission -- the position of both of those Commissioners.

12 I obviously have no way of saying how fairly
13 that was done. I felt it was a fairly good summary of the
14 position of the two Commissioners, at least it was informative
15 to me in my making my decision.

16 Nevertheless, if we're going to go into it, then
17 at this point, I would certainly expect Commissioner
18 Gandara to go more fully into his position and I guess I'm
19 only asking, given where the legislation is, do -- in
20 fact, do we want to move forward again.

21 Again, if I bring in history, where we were forced
22 by circumstance into this kind of position in the past,
23 that is, where something was moving so rapidly that it did
24 not get before a full Commission meeting prior to having to
25 take a position on it, or a situation where there was some

1 conflict.

2 CHAIRMAN IMBRECHT: I'm going to put my finger
3 in the air and suggest that we go with Commissioner
4 Gandara's suggestion that the issue is moot, and leave it
5 at that.

6 MS. STETSON: Well, the reason why we're bringing
7 it back here is that it's our normal operating procedure,
8 plus we will have to do a letter to the Governor as to
9 whether he should sign it or veto the bill. We cannot
10 do that without --

11 CHAIRMAN IMBRECHT: At this juncture, I haven't
12 heard anybody repudiate the positions that were given to
13 you orally, and I think that you can operate on that.

14 COMMISSIONER SCHWEICKART: And in the past, let
15 me say, it was not. What I was about to get to, Mr.
16 Chairman, was in the past that it was not normal procedure
17 to bring it back to the Commission. That is, when we
18 were forced in a position where when I was Chairman, and
19 I had a recommendation from the Legislative Policy Committee
20 with two people doing it, and I ended up casting essentially
21 the third vote to make -- to form a position, that then
22 became formal as a minimum of three votes of the Commission.

23 It was never put into a formal --

24 CHAIRMAN IMBRECHT: The only other instance I'm
25 aware of where we've -- during my tenure, we've had an

1 actual letter signed by three Commissioners so there was
2 documentary evidence, and if you want to take something
3 around and get a signature or something, I think that might
4 be another way to handle it.

5 MS. STETSON: It's the pleasure of the Commission.

6 COMMISSIONER SCHWEICKART: Frankly, I think the
7 Chairman ought to sign it, it's the position of the
8 Commission.'

9 CHAIRMAN IMBRECHT: I understand.

10 COMMISSIONER SCHWEICKART: Now, I tend to agree
11 with Commissioner Commons frankly, in terms of the suggestion
12 that we only take this exceptional -- number one, it only
13 be exceptional, and number two, that it only be taken at
14 all when the presiding members of the two Committees are
15 together on the position.

16 CHAIRMAN IMBRECHT: Either in concurrence, or
17 not in opposition, there might be someone who will say
18 in effect, I don't care.

19 COMMISSIONER GANDARA: That's not the case.

20 COMMISSIONER SCHWEICKART: At least that's a
21 little more restrictive than what we've been doing.

22 CHAIRMAN IMBRECHT: I think we've spent enough
23 time on this, we understand -- it's an exceptional
24 procedure, I'll sign the letter, and I'll operate on the
25 basis of representations.

1 MS. STETSON: We don't normally do this, but it
2 was the last policy hearing.

3 CHAIRMAN IMBRECHT: Okay. Commissioner Commons?

4 COMMISSIONER COMMONS: Just one very small
5 comment, to be consistent with what we did on the residential
6 housing issue, not state it as the position of the
7 Commission, it's a position of a majority of the Commissioners.

8 CHAIRMAN IMBRECHT: I think the residential
9 housing we did it as a Commission position.

10 COMMISSIONER COMMONS: No, I believe we did it
11 the other, because it did not come formally before a
12 business meeting.

13 CHAIRMAN IMBRECHT: Let me suggest this, check the
14 draft of that letter, and handle it in the same fashion.
15 All right?

16 MS. STETSON: Yes. Also included in your packet
17 is the status of our CEC sponsored legislation, and I'd
18 be happy to go through any questions you might have on
19 specific legislation.

20 COMMISSIONER COMMONS: Would you tell me the
21 amendments to the Naylor bill, please?

22 MS. STETSON: Right. The amendments to the Naylor
23 bill were to add language that would require a funding
24 ratio of five to one for loans, and two to one for contract
25 research.

1 COMMISSIONER COMMONS: And what is the loan/grant
2 percentage?

3 MS. STETSON: 75/25.

4 CHAIRMAN IMBRECHT: So we have not gotten the
5 60/40 of this morning, but there have at least been some
6 concessions.

7 MS. STETSON: That's correct.

8 CHAIRMAN IMBRECHT: All right, I'll follow that
9 up with further discussions.

10 MS. STETSON: Now, what we hope to do is have a
11 meeting with the authors of those R&D bills, Assemblyman
12 Naylor, and Senator Rosenthal in the beginning of August
13 when they come back into session.

14 CHAIRMAN IMBRECHT: And try to reconcile --

15 MS. STETSON: Try to reconcile those before they
16 go to the fiscal committee, but certainly before they go
17 to the floor. We don't have to go to conference committee.

18 COMMISSIONER COMMONS: I don't need to take up
19 the time of the Commission, but I'd like a copy of the
20 amended versions of both the Rosenthal and the Naylor bills.

21 MS. STETSON: Right. We will be doing a chart
22 showing the major provisions of those, and that --

23 CHAIRMAN IMBRECHT: The Rosenthal bill, what's
24 the loan/grant split now?

25 MS. STETSON: 30/70.

1 CHAIRMAN IMBRECHT: 30/70 and Naylor is 75/25.
2 So we're not too far apart.

3 MS. STETSON: No, we're not too far apart, the
4 only difference is the repayments, the loans and grants
5 portion and targeting was the major differences at this
6 point, and now this new addition.

7 EXECUTIVE DIRECTOR WARD: Based on the Governor's
8 decision of recent, we do have some more money available
9 for R&D potentially.

10 MS. STETSON: And finance is suggesting that to
11 Naylor for 84/85 funding. Naylor has agreed to increase
12 it to \$8 million. Rosenthal would like it to be \$10.

13 CHAIRMAN IMBRECHT: All right. And on the
14 Rosenthal bill, that affects the dates of our reports, and
15 so forth, just so I understand clearly, it's basically a
16 time two years hence?

17 MS. STETSON: Well, Commissioner Gandara may be
18 able to respond to that more specifically than I, but as
19 I understand it, what it would require would be a publication
20 in June of '86 of a draft final electricity report, and then
21 six months later, a public -- excuse me, allowing six
22 months for public comment on the published draft, and it
23 would be formally adopted in December of '86. Is that
24 correct?

25 COMMISSIONER GANDARA: Well, almost. The issue

1 is the following -- the issue that was raised was the
2 following, that as we proposed the Electricity Report would
3 be adopted in June of whatever year, and the Biennial
4 Report would be adopted in May of the following year.
5 There was a concern raised as to the separation of the two
6 documents, and therefore a diminishment of the importance
7 of the forecasts in the Biennial Report, so that the
8 accommodation that was reached was the following:

9 That first of all, there would be added language
10 that would incorporate by reference much more explicitly,
11 and as was stated, accord equal dignity to the forecasts
12 in the Biennial Report so that it would be clear that there
13 would be that incorporation.

14 The second thing that was done was the issuance of
15 a Commission approved draft of the Electricity Report would
16 continue as scheduled, which was in June, but there would
17 be a six month comment period, and the adoption of the
18 forecast itself would not occur until six months after that.

19 That separation is significant for the following
20 reasons: that it remedies a problem that has occurred in
21 the past, and that is that while there has been a staff
22 proposed Electricity Report, or a Committee proposed
23 Electricity Report, that the utilities have hardly ever
24 known what the Commission proposed forecasts will be, except
25 on the day of adoption itself.

1 So to some extent what this does is that the
2 document that would be produced in June, the Electricity
3 Report would contain while not a Commission adopted
4 forecast, a Commission approved draft, and Commission
5 approved document that indicates what that -- what the
6 Commission's intentions will be, so that there will be
7 comments on that, so that that is a significant change.

8 So that was the only change that occurred on the
9 BR/ER thing. I do have a question on the amendments,
10 however, that you may be able to clarify.

11 It was my understanding that there were -- that
12 because of opposition by the gas company, that there was
13 under discussion at the point in time three different
14 amendments. The first amendment basically moved the
15 Biennial Fuel Report out of the PIIRA section, and then
16 the third amendment just simply made reference to that.
17 I assume that those two amendments are in it.

18 MS. STETSON: Those went over as author's
19 amendments.

20 COMMISSIONER GANDARA: Okay. I assume that because
21 there was no agreement that the second amendment, however,
22 is not in there.

23 MS. STETSON: That's correct. He had offered
24 language to the gas company that would take care of the
25 duplication issue, and they did not agree to that Tuesday

1 morning, and so therefore, we did not include that in our
2 -- in the bill as author's amendments.

3 COMMISSIONER GANDARA: That's my understanding,
4 and I'm glad to have that clarified. There is, however,
5 another related issue which is -- it's my understanding
6 that SB 3 was also raised at that Committee hearing?

7 MS. STETSON: I was running back and forth between
8 the two committees. I don't believe that was raised, was
9 it, Randy?

10 EXECUTIVE DIRECTOR WARD: I don't recall.

11 MS. STETSON: The bill was not taken up, the
12 bill was dropped.

13 COMMISSIONER GANDARA: Okay. The reason I asked
14 is because I received the following letter that was sent to
15 the Committee indicating our support for SB 3, and I would
16 indicate that again it's useful to keep I think the
17 Commission and the Committee informed as to all the bills
18 that are coming up, because I can see, in fact, if we are
19 supporting SB 3, why there would be no desire to, in fact,
20 come to agreement on Amendment 2, because SB 3 essentially
21 contains -- well, it's not quite the same thing, but it
22 gives considerable -- well, it gives considerable flexibility
23 up on the part of the Commission, so I think that frankly,
24 that that could have been part of the discussion as to
25 whether we would, in fact, not have an interest in SB 3 if

1 in fact we were not in support of Amendment 2.

2 MS. STETSON: No, I understand the correlation
3 you're drawing and I was concerned about that too, but the
4 bill was amended to take care of our concerns, and based on
5 a meeting we had with the author, Senator Montoya, --

6 COMMISSIONER GANDARA: I know. I guess what I'm
7 saying is we don't need SB 3.

8 MS. STETSON: Right, and we relayed that to the
9 author.

10 COMMISSIONER COMMONS: When do the R&D and
11 Conservation Reports come out?

12 MS. STETSON: I don't have the time schedule in
13 front of me. I believe it was May, was it Randy?

14 EXECUTIVE DIRECTOR WARD: I don't remember.

15 MS. STETSON: I can find out for you, yeah.

16 COMMISSIONER COMMONS: Thank you.

17 EXECUTIVE DIRECTOR WARD: I might add that the
18 prognosis for the bill at the first attempt of moving it
19 in the policy committee was not good. Subsequent to that
20 the Chairman of that committee asked that we sit down with
21 his consultant, former Commissioner Varanini and Commissioner
22 Gandara was extremely helpful in assisting in that process
23 as well.

24 The amendments as Mr. Varanini agreed to, and in
25 fact his quote was to flower the Biennial Report description

1 so that it was clear that the Biennial Report was to
2 contain the policy recommendations of the ER and any
3 major extractions from that ER would be included in the
4 BR so that in fact it wouldn't be the controlling document.

5 CHAIRMAN IMBRECHT: Fine. Well, it appears to
6 be all consistent with our original intent, and I think it
7 also makes sense as well, based upon the explanation given
8 by Commissioner Gandara. Anything further, Ms. Stetson?

9 MS. STETSON: Nothing that needs to be reported
10 today.

11 CHAIRMAN IMBRECHT: Okay, let me just announce
12 what we're going to do procedurally at this --

13 COMMISSIONER GANDARA: I have a Committee Report
14 too.

15 CHAIRMAN IMBRECHT: Okay, let me just try this
16 real quick. As soon as we're finished with Committee
17 Reports, we will then move to executive session and hold it
18 right here, I believe we have two items, is that correct,
19 and then we will recess depending on when we get out of
20 executive session for a period of at least one hour.

21 At reconvening time, we will then ask for the
22 report from Mr. Rauh on matters that we discussed earlier
23 about PVEA criteria, take up Items 4 and 15, and then turn
24 to the year end review and so forth under the Executive
25 Director's Report. Do you have any other items Mr. --

1 COMMISSIONER COMMONS: Can I make a comment on that?

2 CHAIRMAN IMBRECHT: Sure.

3 COMMISSIONER COMMONS: Would it be not possible
4 to have lunch during executive session? I have a 4:15
5 airplane to catch, and we have a fairly long executive
6 session, if I'm not mistaken.

7 COMMISSIONER SCHWEICKART: I would support that
8 myself, Mr. Chairman. I have an airplane tonight, but it
9 happens to be out of the country, and I'm in dire need of
10 getting some clean laundry.

11 CHAIRMAN IMBRECHT: Well, so am I, that's why I
12 suggested a lunch, to be honest with you.

13 EXECUTIVE DIRECTOR WARD: I might mention --

14 CHAIRMAN IMBRECHT: I've got a plane at 6:00 and
15 I was planning to go home and pack.

16 COMMISSIONER SCHWEICKART: Well, let's do it the
17 other way, and go home and leave.

18 CHAIRMAN IMBRECHT: All right, that's fine with
19 me. Then let's -- well, oh, boy, I have a hearing at 4:00
20 o'clock on Geothermal Public Power Line on a matter that
21 has to be resolved today.

22 EXECUTIVE DIRECTOR WARD: Well, let me just say
23 that the briefing, the Executive Director's briefing on
24 program planning can be as short as you all like. It's an
25 opportunity, it's not a decision-making time, I want to

1 tell you a little bit about the process, talk about the
2 timing.

3 CHAIRMAN IMBRECHT: There's no time urgency to
4 that item, so if we wanted to start it today and continue
5 it to the 18th --

6 EXECUTIVE DIRECTOR WARD: That's certainly -- at
7 the 18th, we may be asking for a little more. This is
8 just simply a summary of some of the accomplishments during
9 the past year, what we see going forward from the past
10 year, and to the budget year, and it probably will take
11 about 10 minutes per division, and Administrative Services
12 would be even shorter than that.

13 So I'm looking at something, maybe 45 minutes
14 or an hour, and I think the Commissioners just need to be
15 aware that we're not looking for decisions. If they do
16 have some concerns that they want to raise, they don't
17 even have to raise them today.

18 CHAIRMAN IMBRECHT: Well, I have no problem with
19 taking lunch during Executive Session, but in that case,
20 then, we've got to get out of here at 3:00 o'clock.

21 COMMISSIONER COMMONS: I'll even make a suggestion
22 that might help. I have no objection on that briefing if
23 it be done before the appropriate policy Committee, and the
24 other advisers be invited to attend. I don't believe it's
25 gone before your Committee in any event.

1 EXECUTIVE DIRECTOR WARD: We can do that. This
2 was -- all we wanted to do was --

3 CHAIRMAN IMBRECHT: Would there be objection
4 to hearing this before the Budget Committee, it's really
5 the appropriate place, I guess. Allright, why don't we
6 do it that way, it makes sense.

7 EXECUTIVE DIRECTOR WARD: That's fine.

8 CHAIRMAN IMBRECHT: Okay, in that case,
9 Committee reports, then we'll go to executive session.
10 Then we'll -- is there a cafeteria here, why don't we just
11 go upstairs and get some food, come back down and eat right
12 in this room, hold the executive session here during lunch,
13 and then move on to a public session again as soon as
14 we're finished.

15 COMMISSIONER GANDARA: I'd like to make a report
16 on Loans, Grants and Economic Impacts Committee, just two
17 items. One is the Committee received a request from the
18 staff that in accordance with our modifications of our
19 reporting requirements of the BR/ER bill that an item
20 that had been overlooked was the SB 771 report that
21 currently -- that is an annual requirement.

22 We've been asked to consider whether we could
23 approve that as a Biennial Reporting requirement. I would
24 recommend that. The reason I'm reporting to you under a
25 Policy Committee, is because we knew of no other way it

1 could be raised in a timely fashion to get approval from
2 the Commission so that the appropriate modifications could
3 be made to legislation that's moving.

4 CHAIRMAN IMBRECHT: What would that recommendation
5 be specifically on that?

6 COMMISSIONER GANDARA: That recommendation would
7 be that the Commission approve that we pursue legislative
8 changes that would permit the SB 771 report to be produced
9 every other year instead of every year. There are not
10 changes sufficient to warrant the report every year. It's
11 a factual document required by 771 legislation that tells
12 the Legislature what the status is of the project.

13 COMMISSIONER CROWLEY: Is that a motion?

14 COMMISSIONER GANDARA: Yes, that's a motion.

15 COMMISSIONER CROWLEY: I would second that.

16 CHAIRMAN IMBRECHT: Fine. I agree with that. Is
17 there any objection, ayes 5, noes none, the motion is
18 adopted.

19 COMMISSIONER GANDARA: Thank you, the second item
20 I have to report is --

21 CHAIRMAN IMBRECHT: Let me just get that, Mr. Ward,
22 Mr. Smith, we just adopted a motion relative to the
23 reporting requirements on 771, or the petroleum review as
24 it relates to the overall Rosenthal bill. I just want to
25 call it to your attention so you don't miss it.

1 COMMISSIONER COMMONS: Biomass.

2 CHAIRMAN IMBRECHT: Biomass, excuse me, pardon me.
3 Thank you.

4 COMMISSIONER GANDARA: The second item is just one
5 of information to the Commission that the Committee intends
6 to hold workshops and hearings on a staff produced document
7 entitled "Analysis of Industrial Electricity Prices and
8 Industrial Growth".

9 We are doing this basically to head off a
10 situation that we had with the energy conservation retrofit
11 and Mr. Natomas, what --

12 CHAIRMAN IMBRECHT: Himonas.

13 COMMISSIONER GANDARA: Himonas, his document
14 that I made reference to was issued. We have received
15 to lengthy comments --

16 CHAIRMAN IMBRECHT: Himonas of Novitas.

17 COMMISSIONER GANDARA: Himonas of Novitas, all
18 right. I actually got a letter from him thanking us for
19 something the other day, that was a pleasant change.

20 But we received lengthy comments from two major
21 utilities taking issue with some of the conclusions of the
22 report, and I think that they would be useful to have a
23 workshop and explore these issues. So I'll be informing
24 you and your staff of the schedule for that.

25 CHAIRMAN IMBRECHT: Okay, Commissioner Commons?

1 COMMISSIONER COMMONS: Yesterday we had the first
2 workshop on air conditioning for appliances, and an issue
3 came up in the middle of that workshop which I believe is
4 going to require an opinion of our Commission, or at least
5 of legal counsel.

6 Within the order, the question was raised as to
7 whether or not heat pumps are a part of the proceeding.
8 Within heat pumps, there is the air conditioning load, and
9 the heating load, and so the question was further asked if
10 air conditioners -- if the cooling element of heat pumps
11 is within the order is the heating element of heat pumps
12 within the order.

13 This did not seem to me to be a matter for the
14 Committee to interpret, but rather was one, what does the
15 order say, and second, if it is not clear, what was the
16 intent of the Commission. So I guess I'd first like to
17 address it to Mr. Chamberlain.

18 MR. CHAMBERLAIN: Okay. Mr. Chairman, the order
19 simply refers to central air conditioners. Central
20 air conditioners as defined are actually air conditioners
21 are defined in our regulations. A central air conditioner
22 means an air conditioner which is not a room air conditioner.

23 Central air conditioning heat pump means a
24 central air conditioner which is capable of heating by
25 refrigeration, and which may or may not include a capability

1 of cooling. So with those two definitions, it appears that
2 central air conditioning, that heat pumps are included as
3 central air conditioners and then in Section 1601 about
4 the scope of the Appliance Efficiency Standards, Section (c)
5 refers to central air conditioning heat pumps regardless
6 of capacity, except that requirements for central air
7 conditioning heat pumps with cooling capacity of 135,000
8 Btu's per hour or more applied to heating performance,
9 but not cooling performance, other central air conditioners
10 with cooling capacity of less than 13,000 -- I'm sorry,
11 135,000 Btu's per hour, including the following types, and
12 there are several types listed.

13 But in any case, it appears that from this, that
14 at least the intent of the regulations is to include both
15 the heating and cooling elements as central air conditioners
16 when you're talking about heat pumps. But that, of course,
17 doesn't mean, necessarily, that that's what the Commission
18 meant in its order, only the Commission can say that.

19 But I just wanted to give you those regulations
20 involving the scope and the definitions that currently
21 exist in the regulations for your consideration.

22 CHAIRMAN IMBRECHT: Okay, Commissioner Commons?

23 COMMISSIONER COMMONS: In California heat pumps
24 and air conditioners compete, and in terms of the proceeding,
25 it would be unfair to a segment of the industry to consider

1 air conditioners, central air conditioners without
2 considering heat pumps.

3 However, in the discussion that I recollect that
4 we had on the petition, there was never any discussion of
5 heat pumps, and particularly the heating element of heat
6 pumps, so I thought it was appropriate to bring this back
7 to the Commission.

8 I have been notified that there are -- there is
9 very likely going to be a petition to include the heating
10 element if this Commission finds that it was not incorporated.
11 But I again reiterate that I think that this is a
12 Commission, not a Committee decision, or interpretation.

13 CHAIRMAN IMBRECHT: Okay. I guess there are some
14 real issues as to whether or not we take any issue with
15 Mr. Chamberlain's interpretation. Is there objection to
16 letting General Counsel's interpretation stand, I think it
17 was fairly definitive? Hearing none, all right, that will
18 be the case.

19 Let me mention just two items. Any further
20 Committee reports? Two items very briefly, and I will
21 circulate a copy of this letter to members of the Commission.
22 But at the RETSIE conference, or actually at the
23 international round table the next day, I had occasion to
24 meet the agency director for Energy and Natural Resources
25 at the U.S. Agency for International Development. He

1 explained that we had made a presentation on the scope of
2 Energy Commission programs in the renewable field. He
3 indicated that they are just initiating a -- what's known
4 as a conventional energy training project that will bring
5 quite a large number of engineers and other appropriate
6 government officials from AID development countries to the
7 United States, as their invitation says for energy
8 professionals to work and train at U.S. universities,
9 corporations, training institutes, and so forth.

10 I expressed an interest as to whether or not they
11 would be interested in placing people here at the Commission,
12 and he has responded favorably after reviewing it with his
13 superiors, and he says, basically I appreciate your
14 interest and willingness to work with us, and in placing
15 several people from the U.S. AID assisted developing
16 countries with the Commission for periods of perhaps 3 to
17 12 months.

18 The Deputy Director of this program is going to
19 be here in California in August to discuss these items with
20 us, and I wanted to raise it as a potential for each of you
21 to consider how you might appropriately, if you're interested,
22 incorporate them in within the fields of your interest or
23 jurisdiction.

24 I'm told that these will be people with substantial
25 academic training and also fluent in English. Secondly --

1 and that obviously could mean some little additional
2 staff assistance in some areas.

3 Secondly, I've just returned from the Western
4 Conference of Public Utility Commissioners. As I reported
5 some weeks back, the Western Governor's Association adopted
6 a resolution endorsing the Northwest power transaction
7 process. The Western Conference did so as well yesterday.
8 There was a panel, Commissioner Calbo representing California,
9 and of some interest, one year ago, the same conference
10 there was no discussion of this issue to yet this year it
11 was the sole topic for the electric, and the discussion,
12 and there was unanimity from eight people on the panel
13 representing a broad adversity of interests that we are
14 near conclusion, and we're likely to see success now.

15 Mr. Sienkiewicz, who is handling negotiations on
16 behalf of the Bonneville Power Administration, which is
17 acting as the agent for the major portion of the proposed
18 sales in the Northwest, has now indicated, and did so
19 publicly that the offer would be for 2,000 megawatts of
20 firm capacity for a period of 20 years, which was a surprise
21 to me.

22 It appears that the price, which is still not
23 totally firmed up, is going to be something in the 20 to 30
24 mill range, as opposed to the 30 to 40 mill range, which is
25 also obviously quite encouraging news. So, I mention that.

1 In addition, some of the investor-owned utilities
2 in the Northwest have decided not to participate as a part
3 of the BPA offer, but are making additional offers of their
4 own which could total as much as an additional four to 500
5 megawatts and are being made -- it's interesting how these
6 numbers have floated a lot in terms of what's actually
7 available.

8 Finally, let me just mention that there was a
9 major discussion, you may have read some of the newspaper
10 articles about the authorization in the DOE appropriation
11 bill recently passed by the U.S. Senate as to whether or
12 not WAPA would be able to go ahead and plan, and authorize
13 the construction of the upgrade of their Shasta line, which
14 in effect would produce the third intertie from Oregon to
15 California.

16 There was some heated problems between the IOU's
17 and publics within the state. Those issues now appear to
18 have been resolved and it will go to House Senate Conference
19 Committee, and I think with some concensus, Congressman
20 Fazio has been carrying the amendment in the House that
21 provides that authorization.

22 Finally, Deputy -- or Undersecretary Gjelde
23 of DOE was in California recently, and he will be on behalf
24 of Secretary Hodel, overseeing the negotiations as to
25 allocation of shares on the WAPA sponsored third AC line

1 that's between the publics and the privates, and we have
2 been assured a seat at the table in those discussions as
3 well.

4 COMMISSIONER SCHWEICKART: We the Energy
5 Commission?

6 CHAIRMAN IMBRECHT: Well, we as California I
7 should say, the negotiating group, but I will continue to
8 keep everyone fully informed as to progress of this entire
9 issue.

10 That I think does it in Committee reports, what
11 we will do now is turn to the executive session. I believe
12 -- you don't have anything for public session on your
13 report, do you, Mr. Chamberlain?

14 Let me ask, is there any member of the public
15 that wishes to testify on any issue, we'll take care of
16 Item 13, and so then we'll take a recess of 15 minutes to
17 go to the cafeteria on the sixth floor, and we'll reconvene
18 here at 12:30 for executive session.

19 COMMISSIONER SCHWEICKART: Mr. Chairman, just
20 immediately prior to breaking here, let me just as a very
21 brief Committee report appeal to all members of the
22 Commission to please read ahead of time the proposed TIMCO
23 decision. That dealt with Item No. 1 which became moot
24 today, but it is a far more complex procedurally complex
25 decision than the -- excuse me, the Roy and Sons decision

1 rather than the TIMCO --

2 CHAIRMAN IMBRECHT: You're not saying with
3 respect to today's agenda?

4 COMMISSIONER SCHWEICKART: No, I'm asking for the
5 -- it's schedule for 1 August, but it will be a humdinger,
6 and I would appeal to people to take a look at it beforehand,
7 and if you want any kind of a briefing, Mr. Shean is
8 available and willing to help out.

9 CHAIRMAN IMBRECHT: Just put it in my reading pile.
10 Okay, thank you. We'll recess until 12:30, executive
11 session at that point.

12 (Thereupon the morning session of the business
13 meeting of the California Energy Resources Conservation and
14 Development Commission adjourned for lunch at 12:20 p.m.)

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AFTERNOON SESSION

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3 CHAIRMAN IMBRECHT: Let's get started. I think
4 we can start the meeting. Mr. Rauh, are you prepared to
5 brief the Commission on the -- or Mr. Alvarez, on the
6 restrictions? Members, we're not handling Items 4 and 15
7 (sic) somewhat together.

8 EXECUTIVE DIRECTOR WARD: Mr. Chairman, that's
9 Item 14 I believe.

10 CHAIRMAN IMBRECHT: Item 14, I'm sorry, 4 and 14.
11 So we have an explanation of the funds available to
12 California, and restrictions, I guess they're probably the
13 major -- okay.

14 MR. RAUH: I've provided you with a package that
15 unfortunately is not two pages as you -- is this working?

16 (Microphone discussion.)

17 MR. RAUH: What I tried to do is pull together
18 some specific information to address the questions that
19 you asked of me earlier. First of all, you asked what
20 funds are available to California at this time with
21 respect to PVEA.

22 You're directly aware of the 18 plus million
23 dollars which were allocated last year, the Commission's
24 portion of that is \$12 million, of which for 1984-85, I
25 believe there's about \$2.4 million which will be considered

1 for allocation as part of the work plan process. That money
2 is governed by the Warner Amendment, and I will go through
3 that subsequently.

4 On the second -- rather the first page of this
5 handout are a list of funds available to California, and
6 you will see there are around \$5 million shown there,
7 spread between 10 cases with funding values shown, basic
8 status of when we expect those funds will be released.

9 If you look a little farther back into the package,
10 on page 4, there's a table which shows the requirement or
11 restriction on those 10 cases. All of them with the
12 exception of World Oil are governed by the restitutionary
13 nexus, which is basically a finding and -- that is made
14 as part of the federal allocation process which is described
15 in here, and I won't go through it, but it's described
16 under procedure for receiving funds, and you can see that
17 those particular cases have to be tied to energy programs
18 proposed by the state that address users of motor gasoline,
19 or in the case of MacMillan Ring-Free refined petroleum
20 products, and Charter Oil, users of diesel fuel.

21 The general process is for each of these, or in
22 combination of these cases that the state is required to
23 prepare a plan, the State Attorney General submits the
24 plan for California, the plan is reviewed by DOE in respect
25 to the particulars of the decision governing the use of the

1 funds, and subsequent allocation is made.

2 So that for example, Amoco, our particular
3 proposals would have to deal with users of motor gasoline,
4 so a ridesharing program, a traffic signalization program
5 would qualify under that specific restitutionary nexus,
6 but a weatherization program, or an incentive program for
7 other kinds of buildings or appliances would not.

8 So basically, this shows you the immediate
9 funding sources and the strings generally tied to them.

10 If you go one page back, I've provided here the
11 eligibility for funding under the Warner Amendment, and
12 just to briefly explain the six page matrices, on the left-
13 hand column are the basic requirements, and there are a
14 series of them, and one must have a yes for each Roman
15 Numeraled requirement depending on the program that one is
16 choosing to fund, or proposed funding for a specific
17 proposal.

18 If we take an example, under the State Energy
19 Conservation Program, one would simply look at a concept,
20 a program concept idea, check it against the level of
21 technology which may be promoted, and the categories
22 under -- if one were going to propose something that was a
23 market demonstration of commercially available technologies,
24 it would qualify.

25 Subsequently, you'd work your way through the

1 criteria for each proposal, and those criteria have been
2 extracted from the Federal Register and the Warner
3 Amendment. So you can --

4 COMMISSIONER SCHWEICKART: So are you saying --
5 you have to have a yes in each of the several categories,
6 there, A, B and C?

7 MR. RAUH: No, just a yes in -- for either A,
8 or B, or C. then you can move to the next category.

9 COMMISSIONER SCHWEICKART: Then II.A, B or
10 et cetera.

11 MR. RAUH: Right, exactly. As you glance through
12 this, you'll see there are six pages, and even though it's
13 -- there are specific language identified here, there is a
14 fair amount of interpretation possible with respect to
15 what a workshop is, or what an energy audit is versus
16 engineering studies if one looks at Roman Numeral II.A.5.

17 Now, just as an example, we can work through the
18 nonresidential incentive program that --

19 CHAIRMAN IMBRECHT: Yeah, walk us through that
20 if you would, Mr. Rauh, and see how that works.

21 MR. RAUH: All right. Starting with -- we'd be
22 looking at this program under the State Energy Conservation
23 Program, the first programmatic column, we would be
24 considering technologies that are commercially available,
25 and already in widespread use, or commercially available

1 technologies, so you'd get a yes under either one of those
2 categories for the first Roman Numeral I.

3 Roman Numeral II, it's basically an informational
4 type program where we would be funding at least one --
5 the concept we're currently considering is an engineering
6 study which would precede any capital improvement. In other
7 words, the notion that the Committee is considering is
8 to fund the incremental difference between the cost of the
9 design or the engineering studies that would normally go
10 through for the construction of a building, and those that
11 would be done to make it comply with the new standards.

12 CHAIRMAN IMBRECHT: So it would be a II.A.5.

13 MR. RAUH: II.A.5 would be a yes.

14 CHAIRMAN IMBRECHT: Would be where you'd get --

15 MR. RAUH: That's correct.

16 CHAIRMAN IMBRECHT: Could you also maybe get it
17 over here on II.B.1 if we were to do an interest subsidy
18 on -- I mean, that was another one of the incentives that
19 was discussed, if you recall.

20 MR. RAUH: Yes.

21 COMMISSIONER CROWLEY: There area couple of more
22 there that are --

23 MR. RAUH: Yes. There are actually a number of
24 them that would qualify. I was just trying to go through
25 the concept as it's been -- as it was described in our last

1 business meeting, but you're exactly correct. You could --
2 as long as you get a yes on your II, you have got the basis
3 to go forward with the proposal and incorporate it in your
4 plan.

5 Moving on to page 3 for Roman Numeral III,
6 ability to subcontract or pass through, you can see that
7 there are both individuals, there are nonprofit organizations,
8 there are for-profit businesses which is H. so in effect,
9 we can define this program quite broadly and catch all
10 individual groups, organizations who might be proposing to
11 develop an energy efficient building.

12 Roman Numeral IV, this is really, this little
13 block under the State Energy Conservation Program that
14 says yes, except a minimum of 20 percent may be spent is
15 not applicable to the kind of program we're dealing with
16 here, that's basically a potential requirement for state
17 matching that may be applied in future times.

18 So we can move to V, and that same criteria is
19 listed, so it's not -- we don't have that requirement in
20 this particular kind of proposal.

21 Looking at Roman Numeral VI, end-use sectors,
22 we can see commercial is listed there, office buildings
23 are typically commercial structures, so we don't have a
24 problem with that criteria. We don't have to worry about
25 -- excuse me, on the next page, the top one is transportation,

1 but it's still part of VI.

2 COMMISSIONER COMMONS: I'm sorry, on VI it says
3 commercial -- I'm looking at a Home Energy Assistance Program?

4 MR. RAUH: No, we're again looking at the
5 nonresidential buildings --

6 CHAIRMAN IMBRECHT: SECP, see, just look at the
7 first column in all these instances. The program that
8 Commissioner Schweickart proposed --

9 COMMISSIONER COMMONS: Okay, I was looking at
10 the Home Energy one.

11 CHAIRMAN IMBRECHT: -- would fit under SECP and
12 so we're looking -- we've got to get a yes under each of
13 the Roman Numerals.

14 COMMISSIONER COMMONS: I've been looking under
15 the Home Energy one which says no to commercial and yest
16 to residential.

17 CHAIRMAN IMBRECHT: I see that, yeah, okay.

18 MR. RAUH: Moving on to Roman Numeral VII
19 technological applications, certainly both A.2, potentially
20 A.3, and obviously, A.4 all qualify, so there are a number
21 of yeses there.

22 Now, in Roman Numeral VIII, this is the basic
23 requirement that indicates we would have to submit a formal
24 plan requesting DOE's approval before we could move forward
25 with the proposal, and then there's a submittal process or

1 schedule that's part of Roman Numeral VIII as well.

2 COMMISSIONER CROWLEY: So as of now, we have two
3 days, but then we would have approval by August 31st if
4 it went in a timely fashion. In other words, you do it
5 annually and it must be in by June 30th, however, then, they
6 do tell you by August 31st, is that accurate?

7 MR. RAUH: Yes, that's what this says. I haven't
8 -- I've discussed the fact that we might be proposing this
9 change with DOE, and I haven't been able to find out whether
10 there's any relief on this particular date.

11 COMMISSIONER CROWLEY: In a case like this, do
12 they allow a place holding submittal that then you flush
13 out as promptly as you can after June 30th?

14 MR. RAUH: I would think that they would. I
15 can't commit them to it, but I have spent several lengthy
16 phone calls with the DOE Region IX staff on this, and
17 it appears that they on a preliminary basis read the chart
18 the same way I do.

19 CHAIRMAN IMBRECHT: Okay, one other question.

20 MR. RAUH: And the same way Karen Griffin did.

21 CHAIRMAN IMBRECHT: So everything seems to be
22 pretty clear here. The only other question I would have
23 is perhaps Mr. Ward or yourself, Mr. Chamberlain, do we
24 have any constraints vis-a-vis budget allocations. I mean,
25 these funds were allocated to the Commission for specific

1 programs, we're talking about reallocation, do we need to
2 get a Section 28, or any approval for that?

3 EXECUTIVE DIRECTOR WARD: Potentially the
4 Department of Finance as close as they ever are to
5 guaranteeing had indicated that if we were substantially
6 in a position to distribute these monies, in other words,
7 much of the work and planning, and we just didn't have time
8 to get it out, had been completed, that we would get that
9 same amount reallocated to us.

10 If we are in fact going to change the purpose to
11 the extent that it can't be construed as something within
12 one of the original categories, then we would --

13 CHAIRMAN IMBRECHT: The million seven comes from
14 which --

15 EXECUTIVE DIRECTOR WARD: Pardon?

16 CHAIRMAN IMBRECHT: The million seven comes from
17 which programs?

18 MR. RAUH: The million seven comes from the street-
19 light interest subsidy program.

20 CHAIRMAN IMBRECHT: Well, I want to make it very
21 clear that this is not a question that in any way suggests
22 that I'm not supportive of the proposal. I just want to
23 make sure we've crossed the t's and dotted the i's. That
24 strikes me as kind of a long leap from streetlight conversion
25 to an incentive program on buildings. I'm just wondering

1 how we --

2 COMMISSIONER SCHWEICKART: Well, is it the
3 streetlight program, or is it interest subsidy program,
4 or is it local government, or what is it?

5 MR. RAUH: It's an interest subsidy program. I
6 might, just for point of clarification, the Loans and
7 Grants Committee has requested a recommendation from the
8 staff for its use in recommending to the Commission any
9 programmatic changes and reallocation of that \$1.7 million.

10 We had put that together and have -- it is yet
11 to -- it should be on its way to the Committee, it's now on
12 its way to Mr. Ward. We were trying to get resolution on
13 this proposal, so that it could be included in the package
14 with some reasonableness that it might be an appropriate
15 allocation of funds.

16 So I assume that that Committee had fully intended
17 to come back to you with suggestions for how to use these
18 funds, whether to continue them, or make changes as part of
19 the work plan, or planning process for 84/85.

20 CHAIRMAN IMBRECHT: In other words, whether or
21 not they agree with the Conservation Committee's recommenda-
22 tions.

23 MR. RAUH: Well, that would certainly be one of
24 the -- yeah, we're trying to flush that out so they have
25 that information.

1 CHAIRMAN IMBRECHT: You're trying to make sure
2 you touch all the Committee review bases, I understand.
3 Well, let's see, first was Item 4. Let's try to resolve
4 Item 4 and the outstanding questions that existed there.
5 Are there any questions as to this -- these restrictions
6 that will understand how this --

7 COMMISSIONER CROWLEY: Yes, I had a question.

8 CHAIRMAN IMBRECHT: Sure, Commissioner Crowley.

9 COMMISSIONER CROWLEY: That is that it's not clear
10 to me that this fund pool that you're talking about is all
11 from Warner Amendment money.

12 CHAIRMAN IMBRECHT: How do we trace that?

13 MR. RAUH: Yes, the \$2.4 million or \$1.7 we've
14 been talking about as carryover dollars are Warner Amendment
15 tied.

16 COMMISSIONER CROWLEY: They -- okay.

17 MR. RAUH: They are, yes, they have that require-
18 ment.

19 COMMISSIONER CROWLEY: Thank you, it wasn't --
20 I didn't understand whether that had indeed been ascertained.

21 MR. RAUH: The other cases are those that -- the
22 most pending are the three top ones, Amoco, Belridge and
23 Palo Pinto which we are right in the stage of a proposed
24 plan being submitted to DOE for those funds.

25 COMMISSIONER CROWLEY: This is accruing funds,

1 because apparently the World Oil thing says \$900,000, is
2 that right? Is that a further allocation for next year,
3 and this \$1.7 has accrued in the past, is that right, or
4 is it --

5 MR. RAUH: Well, the \$1.7 is part of the original
6 \$18 million we were given during last year.

7 COMMISSIONER CROWLEY: And then that will be
8 augmented by another \$900,000 which will be Warner
9 Amendment funds.

10 MR. RAUH: Yes, but probably --

11 COMMISSIONER CROWLEY: Next year?

12 MR. RAUH: Yes, next year, in fact, all of these
13 could come in next year, and they will have to be handled
14 individually by the Administration and the Legislature.

15 COMMISSIONER CROWLEY: And it is in addition to
16 the \$1.7?

17 MR. RAUH: Yes.

18 COMMISSIONER CROWLEY: Thank you.

19 CHAIRMAN IMBRECHT: Okay. Returning then to
20 Item No. 4, I have -- those funds, I presume were also
21 Warner Amendment funds.

22 MR. RAUH: That is correct.

23 CHAIRMAN IMBRECHT: And as a consequence, then we
24 can say that those program, or this proposal, similarly, I
25 assume you've gone through this matrix and --

1 MR. RAUH: Yes, this proposal is part of the DOE
2 approved plan, we're now talking about the \$470,000.

3 CHAIRMAN IMBRECHT: This would be under -- again
4 under State Energy Conservation Programs.

5 MR. RAUH: That's correct.

6 CHAIRMAN IMBRECHT: Okay. Now, do we have further
7 questions then on Item 4? Yes, Commissioner Commons?

8 COMMISSIONER COMMONS: On the Energy Dynamics
9 Projects --

10 CHAIRMAN IMBRECHT: Oh, that's right. So we've
11 resolved that issue with respect to 4, now we're on the
12 question of how the criteria are applied.

13 COMMISSIONER COMMONS: I'm assuming that's what
14 you wanted to do.

15 CHAIRMAN IMBRECHT: Yeah, that's fine, go ahead.

16 COMMISSIONER COMMONS: On the Energy Dynamics,
17 I note that you have a maximum point of 20, and there are
18 two of your four evaluators gave zero, and when I look at
19 your criteria, I don't see a zero.

20 MR. ALVAREZ: On the Energy Dynamics, and I think
21 you might find some cases in terms of how the individual
22 staff members in terms of redoing the proposals chose to
23 evaluate that project in terms of that ratio. It required
24 -- Energy Dynamics required additional calculations that
25 are merely stating of a ratio within a proposal.

1 The two individuals who reviewed the proposal
2 there took that analysis one step further in and of themselves
3 and calculated additional ratios with respect to funds.
4 The other two individuals who gave it a zero did not find
5 a specific number in the proposal and therefore ranked it
6 as zero. The other individuals just took that one step
7 further in their analysis when they went ahead and did that.

8 I think you'll find the same situation takes place
9 with the John Stewart Company. The specific ration was not
10 in the proposal itself, the person who did rank that, and
11 that's my score, was basically took the analysis and the
12 information, and chose to calculate that independently
13 into themselves, and ranked that with respect to the project.

14 COMMISSIONER COMMONS: So you're saying that the
15 two zeros are actually that there is some private funds
16 going in here, and there is leverage actually occurring.

17 MR. ALVAREZ: Yes. In all projects there's
18 private funds going into the projects. The total leverage
19 on the total program is our \$472,000 is leveraging approxi-
20 mately \$2.7 million of capital flowing into the energy
21 conservation area, and every project has a leverage
22 component to it.

23 COMMISSIONER COMMONS: Is this all done, the
24 participants in the evaluation are all our staff.

25 MR. ALVAREZ: Yes. All of these reviewers, each

1 of the staff members reviewed the proposals independently,
2 ranked each of the proposals independently, and then
3 presented little scores to me for consolidation and
4 review. Any particular questions or comments we had two
5 staff meetings by which we discussed any questions or
6 concerns any of the staff members had.

7 But primarily, it was an independent evaluation
8 by the members of the staff.

9 COMMISSIONER COMMONS: My only comment --

10 MR. RAUH: The panel -- or you're interested in
11 the panel composition?

12 COMMISSIONER COMMONS: Yeah.

13 MR. RAUH: Because it was not just the Conservation
14 Division.

15 COMMISSIONER COMMONS: My only comment is that
16 the format that we saw this morning on the schools and
17 hospitals, and adding a sum, rather than having the
18 detail here, I liked that other presentation, I found it
19 easy to follow and it would be helpful if you used a
20 similar format.

21 MR. RAUH: I gathered that.

22 MR. ALVAREZ: I spoke to Mr. Bakken, and he
23 showed me his format, and so I think I will adopt that
24 format in terms of information.

25 CHAIRMAN IMBRECHT: All right, further questions.

1 Okay, what's the pleasure of the Commission? I don't
2 recall if we had a motion on this or not.

3 Moved by Commissioner Gandara, seconded by
4 Commissioner Crowley, anyone else wish to be heard on
5 Item No. 4? Is there objection to a unanimous roll call?

6 COMMISSIONER COMMONS: There's someone who wanted
7 to be heard.

8 CHAIRMAN IMBRECHT: Oh, excuse me, I'm sorry.
9 Pardon me. Please identify yourself for the record.

10 MR. McCLAIN: Yes. My name is Ralph McClain, I'm
11 here representing ms. Dotson, Ethel Dotson who submitted
12 a proposal for the energy conservation incentives in
13 multi-family --

14 MR. ALVAREZ: It's the proposal that's titled
15 "Solar Energy For Multi-Family Units" it's on your second
16 page.

17 CHAIRMAN IMBRECHT: Okay, fine, thank you.
18 Please continue.

19 MR. McCLAIN: One -- there is some question with
20 regarding the -- not only the instructions that are here,
21 but also the application and use of the funding for multi-
22 family buildings.

23 Ms. Dotson at the present time is without any
24 energy service, and because of certain problems that she
25 has experienced with the major utility -- the only utility

1 company in the area where she resides, and where her facility
2 is, PGandE, which she has at the present time a suit in
3 the U.S. Supreme Court against the utility company as well
4 as the PUC and the State of California, submitted has to
5 turn to -- was forced to turn to the adaption, or the
6 consideration of the use of solar energy.

7 Upon a consideration of that, she took a look at
8 a facility, and after talking with several individuals,
9 felt that she could through some assistance through the
10 state, which was the primary facility, or primary agency
11 at this point in time, adapt her total facility to a total
12 use of solar energy, that's not only including solar heating,
13 or solar water heating, as well as solar space heating.

14 Being involved in the lawsuit and receiving the
15 information from the state, or the relatively short date,
16 submitted a proposal to make use of the funding source as
17 well as to make her facility totally solar dependent, and
18 not dependent upon PGandE, although she contemplates the
19 possibility of using PGandE as a backup system in the
20 event that the weather does not permit her to use the
21 solar energy solar source.

22 She then talked with PGandE, with regarding their
23 procedures that they have available to residents as well
24 as businesses in terms of energy audits, in terms of an
25 analysis, in terms of the application, or the possibility,

1 or the feasibility of the use and adaption of solar energy
2 in which they have advised her that her facility is 100
3 percent adaptable to solar energy.

4 They were unable to provide her with an energy
5 audit in terms of what her facility used, because at the
6 present time, as I said, that she is not -- she does not
7 have any energy available to her, so the application of
8 that is not at this point in time relevant.

9 Again, Ms. Dotson also talked with the Energy
10 Commission office with regarding the preparation of a
11 proposal and what she was looking towards, and she had
12 attempted to meet that. She talked with a variety of
13 contractors, solar energy contractors with regard to what
14 she was contemplating, and unfortunately, none of them
15 were capable or able to provide her with the information
16 that she was requesting from them.

17 Ms. Dotson is at the present time -- if the
18 decision is to deny her any funding under this program,
19 her only other recourse in terms of the immediacy of the
20 problem is to contemplate again going back through the
21 legal process, not only to hold up the funding for this
22 particular cycle, but also to get the courts to instruct
23 the State of California, through it's authorized agency, to
24 assist her in this matter.

25 CHAIRMAN IMBRECHT: Commissioner Commons?

1 COMMISSIONER COMMONS: Which project is this, Ted?

2 CHAIRMAN IMBRECHT: This is the second from the
3 last on the second page.

4 COMMISSIONER COMMONS: So this is one of the
5 projects that is before us today.

6 CHAIRMAN IMBRECHT: Solar energy for multi-family
7 units, it is not one of the ones recommended for funding
8 is the way I understand it.

9 MR. ALVAREZ: That's correct. The second page
10 you have on the matrix that has the scoring, there are
11 seven projects there that did not meet the proposal requested
12 a 60 point minimum to recommend funding, and these projects
13 did not meet that scoring.

14 CHAIRMAN IMBRECHT: Sir, let me ask --

15 COMMISSIONER COMMONS: Where is this?

16 CHAIRMAN IMBRECHT: On this document here, second
17 page.

18 COMMISSIONER COMMONS: Our points do not allow us
19 to -- the rules of our criteria have a minimum of 60 that's
20 required in order for us to award a project?

21 MR. ALVAREZ: Yes, the request for proposal
22 application, the grant application manual states that a
23 minimum point of 60 points is required for consideration of
24 funding.

25 COMMISSIONER COMMONS: So this Commission does not

1 have the discretion to approve an application of less than
2 60.

3 MR. ALVAREZ: As stated in the application, I
4 believe that would hold. I think that would be a legal
5 question whether you can fund a project that did not meet
6 the 60 points.

7 MR. CHAMBERLAIN: Well, if that was the criteria
8 that was set forth in the beginning, I believe your
9 discretion is bound by that.

10 COMMISSIONER COMMONS: Wasn't that criteria
11 then approved by the -- approved otherwise, beyond us?

12 COMMISSIONER SCHWEICKART: It's not a DOE
13 approved criteria?

14 MR. ALVAREZ: No, in terms of the ranking of the
15 proposal of our review process, that 60 points was not a
16 review -- not approved by Department of Energy.

17 COMMISSIONER CROWLEY: But that was one of the
18 givens set forth in --

19 MR. ALVAREZ: In the application for -- yes, for
20 all applications.

21 COMMISSIONER CROWLEY: For all applications.

22 CHAIRMAN IMBRECHT: Let me just ask. It seemed
23 to me that the most appropriate way to raise your points
24 would be if you felt somehow that the evaluation of this
25 project had been unfairly conducted, or -- and while I'm

1 sure we all appreciate and sympathize with the difficulties
2 of the applicant relative to her apartment unit, and so
3 forth, this particular funding program is not designed to
4 relate to the -- those types of individual problems, but
5 rather to provide demonstrations of the most cost-effective
6 possible installations in multi-family dwelling units
7 with a variety of solar and conservation measures. Do you
8 understand?

9 MR. McCLAIN: May I then ask a question. Is this
10 hearing being recorded?

11 CHAIRMAN IMBRECHT: Pardon me?

12 MR. McCLAIN: Are we on the record?

13 CHAIRMAN IMBRECHT: Yes, we are.

14 MR. McCLAIN: We are on the record, okay. Your
15 statement was regarding the cost-effectiveness. One of
16 the factors that Ms. Dotson has had had to take a look at
17 is that her facility -- in talking with a number of
18 companies, solar energy supplier companies, they have
19 stated to her that since her facility is not 80 to 100
20 units, then they are not capable, or they will not provide
21 her with the installation of water heating facilities which
22 they would do for other facilities with 100, or 80 to 100
23 plus units, free of charge.

24 In the recommended eight that the Energy Commission
25 office has submitted to this body, as I understand it, there

1 are several which are in excess of 80 units, in which
2 they can receive through the energy supply company free
3 installation.

4 Now, there is a question as to an offset there
5 from what has been recommended or requested from this office,
6 or the Energy Commission office. There's also one other
7 consideration that Ms. Dotson would like to submit and that
8 is that she would request from the Energy Commission office
9 in writing, a complete analysis of the reasons why she was
10 not included in the eight that were recommended for funding.

11 CHAIRMAN IMBRECHT: Well, let me try to explain
12 the process. A review panel was established, if I might,
13 of four individuals representing a variety of disciplines.
14 They were given the criteria which had been approved by
15 the Commission, and asked to evaluate the applications based
16 upon that criteria.

17 We do have a matrix that shows the scores that
18 were given by each of the reviewers in evaluating those
19 proposals, and I would just indicate that of the eight
20 projects that the staff recommended funding, the lowest
21 score achieved was 60.5, the highest was 81, the rest all
22 ranged in the -- only one other in the 60's the rest in
23 the 70's.

24 In the case of the solar energy for multi-family
25 units, the score cumulatively was 24.75, so substantially

1 lower than any of the projects that were approved or
2 recommended for funding. I would also just note to you
3 of the eight that were approved, while there are several
4 that are large multi-family projects, there are also
5 at least three that are small, 29 units, 61 units, and
6 20 units, respectively.

7 So, I want to just assure you that the mere fact
8 that a given apartment complex was large or small did not
9 affect the ultimate outcome other than in the context of,
10 you know, a portion of cost-effectiveness evaluation. But
11 small projects as well as large projects are recommended
12 for approval, and I'm sorry that the application did not
13 meet the criteria, but I expect that we'll probably be
14 doing something like this again in the future, and I'd
15 urge you to look very carefully at the criteria before
16 applying.

17 MR. McCLAIN: Well, we are in agreement that this
18 office, the Energy Commission office, upon its request
19 to this body for monies for individuals as well as groups
20 to provide technical assistance to those groups to meet
21 whatever criteria that may be laid down, but again, I would
22 state that Mr. Alvarez stated a minute ago when there was
23 a question raised by one of the Commissioners regarding the
24 scoring of zero for one particular agency, and there was
25 no scoring showed that the evaluators went one step further.

1 Okay. I would like to be on record as requesting
2 a copy of this particular segment of this Committee meeting
3 with respect to this particular item and the statements
4 made by all parties involved, as again, I fear that it may
5 at this point in time come down to some legal action, so
6 all persons and parties are being put on notice to that
7 effect.

8 CHAIRMAN IMBRECHT: Well, you may request a
9 portion of our transcript through the Secretariat of the
10 Commission. That's normal procedure, and I'd just advise
11 you that as to all parties ---

12 MR. McCLAIN: Who would that be?

13 CHAIRMAN IMBRECHT: Pardon me?

14 MR. McCLAIN: Who would that be?

15 CHAIRMAN IMBRECHT: From the Secretariat office
16 of the Commission. Just write to the California -- the
17 Secretariat of the California Energy Commission.

18 COMMISSIONER SCHWEICKART: Mr. Perez, could you
19 lend a hand?

20 CHAIRMAN IMBRECHT: Or the Public Adviser,
21 excuse me, as well, would also assist you in this.
22 Commissioner Commons?

23 COMMISSIONER COMMONS: In a practical sense, I'm
24 sure you want to pursue your project in looking at your
25 sheet, one of the very critical things that we look at in

1 terms of funding a project, there are two things, one is
2 what are the energy savings that you get from your project
3 which you discussed, and the other is, what share of the
4 funds are we putting up, and how much are you putting up.
5 In the area that your project rated very low was in the
6 percentage of the funds that you put up.

7 Traditionally we like to put up maybe 25 percent
8 and at most, half, and the way the scoring criteria is
9 worked, your project does very, very much better if we're
10 only putting up a relatively small percentage of the
11 project, like 25 percent.

12 That way, when you're able to show that you're
13 able to get additional funds through the help of our funds,
14 then we become very much more interested in the project and
15 it scores higher, and that's the area that I think you need
16 to maybe talk to our staff and try to improve the financing
17 portion so that we're not the only ones who are paying for
18 your project.

19 There is no project that we're funding that I
20 know of in this case where we're paying more than half the
21 cost of the project.

22 MS. DOTSON: But I think basically all of the
23 projects that you are funding, they do have some utility
24 service, and I think that's the difference between my
25 proposal, and I don't know what's happening, you know, with

1 the other projects and stuff, I'm sure that they do have
2 some utility service. I have not had any utility service
3 since September the 6th of 1983, you know, so I'm prepared
4 to go into court on Monday to get a TRO to hold up the
5 funding. Hey, I mean, I can't wait any longer. I don't
6 know what you want to do, but I'm prepared to fight it out
7 in court, or whatever, you know, to a poor person, it's
8 just -- you're left out in the cold.

9 You have the macro utility arrangements, and
10 stuff, and all these agencies, whatever, they can go to
11 the macro companies and stuff because they're talking to
12 them, but they say well, if you're not an 80 units, you're
13 left out in the cold.

14 CHAIRMAN IMBRECHT: I just note for you that there
15 are three projects proposed for approval that are 29, 61
16 and 20 units respectively, so by no stretch of the
17 imagination can you suggest that we were applying criteria
18 that discriminates against a smaller project.

19 The reason as to why you may not have utility
20 service is really an issue beyond our consideration here.

21 MS. DOTSON: Yeah, well, that's for the courts,
22 the U.S. Supreme Court will have to decide that issue, you
23 know, that's why I -- you know, I was forced into a
24 situation of dealing with solar energy, you know, behind
25 the inability to keep up with the high rates and stuff, and

1 you know, the -- PGandE don't want to go into solar energy
2 because they lose

3 CHAIRMAN IMBRECHT: So they cut off your services
4 is what you're saying because you didn't pay the bill?

5 MS. DOTSON: That's right, because I could not
6 keep up with the high rates and stuff, you know. So people
7 like me are left out in the cold unless you have money to
8 build on 80 units or more. You know, I was forced within
9 a week to try to put together a proposal for this stuff,
10 and I did not know how to deal with this, how to go, to deal
11 and everything else. I hope I don't drop dead in the
12 meantime, but be that as it may. We will be in court on
13 Monday for sure.

14 CHAIRMAN IMBRECHT: Fine. Well, that certainly
15 doesn't temper my decision on this. The motion has been
16 made by Commissioner Gandara, seconded by Commissioner
17 Crowley, is there further discussion? Anyone else wish to
18 address the Commission? Is there objection to a unanimous
19 roll call? Hearing none, ayes 5, noes none, the funding
20 as recommended by staff is approved.

21 Okay. Then that leaves us with Item No. 14, which
22 is the question of the incentive program for the nonresi-
23 dential program. I think we all probably understand the
24 issue, and I would just say that I'm prepared to support
25 it with only one caveat and that is to ensure that this is

1 not contrary to -- that we don't need to undertake any
2 additional steps, vis-a-vis authorization from the Legisla-
3 ture and/or the executive -- is that acceptable to you
4 Commissioner Schweickart? Do you follow what I'm saying?
5 That's the only question apparently we don't have a hard
6 answer on.

7 COMMISSIONER SCHWEICKART: Well, at this point,
8 again Mr. Chairman, let me point out that this -- mine
9 isn't working either -- there is nothing in this resolution
10 which is proposing, or putting before the Commission a
11 specific project. That is, this directs the preparation
12 of those proposals which then will have to comport with
13 all sorts of guidelines and laws and criteria.

14 CHAIRMAN IMBRECHT: Question and review by the
15 Loans and Grants Committee.

16 COMMISSIONER SCHWEICKART: And full review by the
17 Commission, right. I mean all this does is a statement of
18 intent that we are supporting incentives in this area.

19 CHAIRMAN IMBRECHT: I move the resolution.
20 Seconded by Commissioner Schweickart? Okay, moved and
21 seconded, is there a discussion? Does anyone wish to be
22 heard? Commissioner Gandara.

23 COMMISSIONER GANDARA: I have a comment. It's --
24 I'm trying to locate here -- okay, this is a matter of
25 comment. On 2.B., I realize that all we're directing here

1 is the preparation and proposals, and something more
2 definitive will come to us. Just let me say that I do have
3 a bit of concern with respect to financial incentives that
4 would compensate developers. I'm open to whatever proposals
5 might come forward, but at least I would review fairly
6 carefully, you know, direct compensation of commercial
7 concerns that I think generally have adequate sources,
8 capital -- taking projects, and given the amounts that
9 we were talking about last time, that I'm not quite so
10 sure that it represents the go, no go decision for most of
11 these developers.

12 So that that's the only part of the resolution,
13 Commissioner, that I have a little bit of concern about.

14 COMMISSIONER SCHWEICKART: My only response to
15 that is that we just approved unanimously a significant
16 amount of money going to Cal Tech who in that instance is
17 not only the recipient of the money, but the beneficiary
18 of the money, that is the people who live in those apartments
19 that are going to be experiencing the higher temperature
20 solar -- or the tracking of solar -- the sun tracking solar
21 systems, do not themselves pay the utility bills, so that
22 in fact, Cal Tech is both in that case the recipient and
23 the beneficiary.

24 I haven't looked through the other proposals,
25 but I suspect as the case -- there it is, no wonder.

1 CHAIRMAN IMBRECHT: I just -- pardon me.

2 COMMISSIONER SCHWEICKART: So the -- in the
3 instance that we're talking about here, although we don't
4 have specific proposals before us yet, the recipient would
5 be the decision-maker in terms of whether to go with the
6 new building standards or the old building standards, the
7 beneficiaries will be -- excuse me, the beneficiaries will
8 be the people who in fact are renting, as well as those
9 people who don't have to pay for the power plant that's
10 avoided.

11 So, I frankly see no distinction. If there is a
12 distinction I would suggest that the principle stated in
13 B has a wider range of public beneficiaries than the
14 beneficiary spectrum in other PVEA activities. All I ask
15 for is some consistency in application of the criteria.

16 MR. RAUH: If I might add as well, that the
17 requirements under SECP, the money -- there will have to be
18 a clear audit trail that the money goes specifically for
19 technical assistance that result in the improvement of
20 energy efficiency in the buildings. So it won't just go
21 to the developer as a cash thing he or she can spend
22 whatever they want. There will have to be an audit trail
23 in the program, whatever the program design is.

24 CHAIRMAN IMBRECHT: Commissioner Commons?

25 COMMISSIONER COMMONS: Yes, thank you. I discussed

1 with you, I think, Commissioner Schweickart during the
2 week one of my primary concerns, and I thought we had some
3 language that was going to address it, and I'm not able to
4 find that language here.

5 The way it reads that I see before us today is
6 that we're providing financial incentives which are for
7 potential increased design costs, and accelerated
8 implementation of the new office standards. I have not
9 been in support of using these incentives to promote and
10 facilitate accelerated implementation of the office
11 standards.

12 Rather, my understanding was the purpose of the
13 incentives was to provide financial assistance to commercial
14 buildings so that we could demonstrate how you could comply
15 with these programs when they went into effect and so that
16 we would have different examples of different types of
17 buildings in different geographical areas.

18 If we didn't have this type of demonstration
19 program which would require a financial incentive, what we
20 could have is a very difficult period at the time that the
21 standards went into effect. It's with the understanding
22 that this was that type of financial assistance that I
23 was willing to support it, not on the basis that it is a
24 program for facilitating accelerated implementation of
25 the new office standards.

1 Clearly, I don't object if that also occurs,
2 but that to me was not the purpose of this memorandum.
3 I also understand from your statement that we are not
4 voting today on a specific implementation plan and that
5 would come back, and so even though the wording isn't
6 consistent with my viewpoint, I could see how at the time
7 we had a specific plan it could be made to be so.

8 CHAIRMAN IMBRECHT: Well, I think the cover
9 memorandum clarifies that PVEA funding proposals will come
10 to the full Commission for approval.

11 COMMISSIONER SCHWEICKART: And there is language
12 in here specifically, Commissioner Commons, requesting your
13 concern of spacial distribution, let me say, around the
14 state, and I'm trying to find that, because that was put
15 in specifically after consultation with you on that matter.
16 I must admit that I can't locate it at the moment.

17 MR. PENNINGTON: Commissioner, it's the last
18 phrases of the lead-in statement on the resolution where
19 it says, "Be it therefore resolved to establish widespread"--

20 COMMISSIONER SCHWEICKART: Okay, through the
21 state, right.

22 MR. PENNINGTON: The other thing I would say in
23 response to Commissioner Commons' comment, is that the
24 second whereas paragraph includes the objective to promote
25 compliance experience with the least interruption to the

1 building process for the new standards.

2 COMMISSIONER COMMONS: Well, what happens in the
3 memorandum is I like the whereas -- portions of the whereas
4 sections, but when I go to the "Be it therefore resolved"
5 I just want to notify the Committee that when it comes down
6 to this specific plan, my orientation will be subsequently
7 oriented towards the demonstration aspect so that we can
8 accomplish our objectives, rather than using the incentives
9 to speed it up.

10 COMMISSIONER SCHWEICKART: Okay, I think it's a
11 difference without a distinction, frankly, but I support
12 what you're saying.

13 CHAIRMAN IMBRECHT: Okay. I just call to your
14 attention the hour of the clock. All right. Is there
15 objection to adopting the resolution as proposed? Hearing
16 none, ayes 5, noes none.

17 COMMISSIONER SCHWEICKART: And Mr. Chairman, at
18 this point I'd like to move for a reconsideration on Item
19 No. 5.

20 CHAIRMAN IMBRECHT: Mr. Chamberlain, would it
21 be proper to just move to reconsider or just rescind, that's
22 the \$7,000 contract. We move to rescind our action on --
23 what's the proper motion?

24 MR. CHAMBERLAIN: You took no action on Item 5.

25 CHAIRMAN IMBRECHT: Yes, we did, I announced the

1 vote, ayes 2, noes 2, one abstention, motion defeated, so --

2 COMMISSIONER SCHWEICKART: Or I can move to be
3 reconsidered, or change my vote, or whatever is --

4 MR. CHAMBERLAIN: You can move to reconsider.

5 CHAIRMAN IMBRECHT: All right, it's been moved,
6 and seconded by Commissioner Gandara.

7 I assume that in the context of that, it should
8 be pretty clear that the concerns --

9 COMMISSIONER SCHWEICKART: I don't think I need
10 to say a lot.

11 CHAIRMAN IMBRECHT: There are concerns about
12 how staff dealt with this, would you remain as strong as
13 they were expressed this morning, and this is a reflection
14 of an effort to -- money, but still send the message.

15 COMMISSIONER SCHWEICKART: Right, another action
16 that I've taken in the form of specific direction to staff
17 which is currently in typing and will be received by
18 Mr. Rauh, and information that Mr. Rauh has provided on,
19 let me say that while not concurring in all the points,
20 nevertheless, mitigating factors in terms of the time
21 history of what was dealt with here.

22 CHAIRMAN IMBRECHT: Okay, is there objection to
23 a unanimous acceptance of the motion to reconsider?

24 COMMISSIONER COMMONS: Yeah, first you have to
25 reconsider and then --

1 CHAIRMAN IMBRECHT: I understand. The motion to
2 reconsider is -- hearing none, the motion to reconsider is
3 granted, ayes 5, noes none, then we need a motion to approve.

4 COMMISSIONER SCHWEICKART: I would move to approve
5 the contract -- without making this literal here at this
6 point, contingent on review by the Commission before the
7 commitment of the funds. Now, that's the Committee, rather.

8 In other words, we have still not reviewed the
9 details of this contract, and there are some questions I
10 have on --

11 CHAIRMAN IMBRECHT: Let me try it this way, so
12 the record is clean, vis-a-vis making an appropriation
13 before the end of the fiscal year, why don't we just have a
14 simple motion to approve the contract, however, then let me
15 direct staff to refer this to Committee for review, and
16 direct the Executive Director not to execute absent that
17 review.

18 COMMISSIONER SCHWEICKART: And I assume -- that
19 would probably be a matter of a month or so. I mean, I'm
20 looking at the complexities of the near term scheduling.

21 CHAIRMAN IMBRECHT: That works, I think, doesn't
22 it?

23 EXECUTIVE DIRECTOR WARD: The only question I'd
24 have of counsel is that we're using current year money, and
25 I don't want to do anything to cloud the resolution.

1 COMMISSIONER SCHWEICKART: Well, the action here
2 would encumber that money by a vote supporting the contract.

3 CHAIRMAN IMBRECHT: That's what I'm saying, but
4 there would be no contingency on the motion, but it would
5 be a direction to you through the Chair.

6 EXECUTIVE DIRECTOR WARD: That's fine.
7 I have no problem with that.

8 CHAIRMAN IMBRECHT: Okay. So we have a motion
9 by Commissioner Schweickart, I'll second it, to approve
10 Item No. 5, \$7,000 for Paul Hendrickson, Battelle Northwest,
11 to provide CEC with guidelines on energy labeling program.
12 Objection to a unanimous roll call? Hearing none, ayes 5,
13 noes none, that matter is disposed of.

14 Mr. Ward, I believe you have a couple of items
15 for the Executive Director's Report?

16 EXECUTIVE DIRECTOR WARD: Quickly, Item No. 15
17 that has been pulled from the agenda that is also with
18 the recommendation of staff in addition to the Committee.
19 I think the letter you received indicated it was strictly
20 from the Committee, I concurred in that.

21 Quickly, this morning, I received word on the
22 condition of our budget, and the augmentations. There were
23 three augmentations, one relating to nonresidential
24 standards for other building types, that was vetoed.
25 The second augmentation related to review of new technologies

1 to be included in the point system, that was vetoed. The
2 third item was a waste to energy cogen project, Lassen
3 Community College, that was sustained and frankly, I'm
4 just as disappointed as you are. I think we have other
5 opportunities in legislation in August to continue
6 pursuing these, but it's certainly does not affect our
7 work plan.

8 COMMISSIONER COMMONS: Were there any other
9 items within our budget that were vetoed?

10 EXECUTIVE DIRECTOR WARD: No.

11 CHAIRMAN IMBRECHT: No, the only two that were
12 vetoed were the legislative augmentations and we're all
13 disappointed that we're not going to -- now I feel my
14 commitment on the budget has been met, and so I'm going to
15 go after it in August as far as I can, but I have no
16 promises that I can hold out to anybody, and I'll just
17 make that commitment to you.

18 I will also tell you that I know that the -- we
19 are accurately informed, the Resources Agency was very
20 supportive, and that, unfortunately, was not persuasive,
21 nor was it persuasive I might add, as I understand it,
22 and virtually all other issues where they were supportive
23 of other agencies and departments.

24 COMMISSIONER COMMONS: I just want to make a
25 comment. I personally feel that both you and Randy on the

1 mainline budget, the fact that we had no items vetoed and
2 that we were successful in that, that I have to consider
3 this a major step in terms of providing continuity to the
4 Commission and a major success on behalf of both of you.
5 Recognizing we have some problems, but I think the more
6 important thing is on the major portion of the budget, you
7 had 100 percent success, I want you to look at it as
8 success, and go with --

9 CHAIRMAN IMBRECHT: I didn't feel like you know
10 half full as opposed to half empty this morning when I heard
11 this as well, because I read the Sacramento Bee with great
12 carefulness and I didn't find us listed along with a lot of
13 other people that were listed, and I drove into work this
14 morning with some hopes that perhaps we had survived on
15 those items, but obviously that was unrealistic optimism.

16 EXECUTIVE DIRECTOR WARD: Mr. Chairman, one of the
17 clarifications you may want to ask of the Department of
18 Finance who puts together the mechanics on these vetoes
19 and the veto messages, the indication --

20 CHAIRMAN IMBRECHT: I read the message and I'm
21 definitely going to ask about that. I'm not happy with the
22 message either. For the record, so you all know, the
23 message says in effect that we feel we have enough staff
24 to do our statutory -- handle our statutory requirements,
25 and I can tell you categorically that that is not the

1 message that was transmitted either through us or through
2 Resources. So there is obviously some remaining communication
3 problem.

4 Anything further, Mr. Ward? We have to go back
5 into executive session, and we've already decided how to
6 deal with work plan issues, so --

7 EXECUTIVE DIRECTOR WARD: None, that's fine.

8 CHAIRMAN IMBRECHT: Okay. All right, fine. We're
9 going to then immediately reconvene in executive session.
10 Mr. Rauh, we'll excuse you and the recorders, and upon
11 conclusion of the executive session, we will stand in
12 adjournment.

13 (Thereupon the business meeting of the California
14 Energy Resources Conservation and Development Commission
15 was adjourned at 3:25 p.m.)

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1 REPORTER'S CERTIFICATE

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3 THIS IS TO CERTIFY that I, Patricia A. Petrilla,
4 Reporter, have duly reported the foregoing proceedings
5 which were had and taken in Sacramento, California on
6 Thursday, June 28th, 1984, and that the foregoing pages
7 constitute a true, complete and accurate transcription of
8 the aforementioned proceedings.

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

12
13 Patricia A. Petrilla

14 Reporter

15 Dated this 6th day of July, 1984.
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