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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION
JUL 27 1984
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BUSINESS MEETING

1516 NINTH STREET
1st FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, JULY 18, 1984
10:20 A.M.

Reported by: Patricia A. Petrilla

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COMMISSIONERS PRESENT

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

STAFF PRESENT

- Kent Smith, Deputy Director
- William Chamberlain, General Counsel
- R. Michael Martin
- Arlene Ichien
- Bill Pennington
- Thom Kelly
- Ted Rauh
- Jonathan Blee
- Rick Donaldson
- Ross Deter
- Leon Vann
- Nancy Deller
- Daniel Nix
- Lorri Gervais, Secretary

PUBLIC ADVISOR'S OFFICE

- Ernesto Perez

ALSO PRESENT

- Arthur Perlet, Interbath, Inc. and PMI
- Jim Prosser, California Spa and Pool Industry Council

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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: Will the meeting please come
4 to order. Please rise and join us in the flag salute.
5 Commissioner Commons, would you like to lead us?

6 (Pledge of Allegiance)

7 CHAIRMAN IMBRECHT: The first item on the agenda
8 has been taken off the calendar. We have a very short and
9 -- I said this before, but we'll see if we can make it
10 come true. I think we can move through today's meeting
11 expeditiously, if possible.

12 Item 2 is consideration and possible adoption of
13 amendments to Energy Commission regulations on appliance
14 efficiency standards. These amendments would make --
15 would affect administrative or editorial rather than
16 substantive changes to make the regulations consistent
17 with recent legislation.

18 DEPUTY DIRECTOR SMITH: Mr. Mike Martin from
19 the Conservation Division is here to describe to some
20 degree the changes that are proposed, and highlight some
21 of those for you.

22 CHAIRMAN IMBRECHT: Thank you.

23 MR. MARTIN: Thank you, Commissioners. The
24 initial statement of reasons, Publication P140-84-003,
25 published in May, 1984, contains proposed wording for

1 several amendments, none of which change the effective
2 dates, or increase the stringency of the existing standards.
3 The first 20 pages explain in detail the reasons for
4 changes, and the last 35 pages identify the specific words.

5 The Commission this morning is being asked to
6 approve these changes with two exceptions. First, the
7 underlined wording in Section 1606(d) on pages 30 and 31,
8 which would allow certification of appliances through
9 another industry or government agency will be the subject
10 of a further Committee hearing next week and will be
11 considered for adoption in September.

12 Second, the Presiding Member of the Committee has
13 indicated the staff and Committee will modify the definition
14 of accessible place in Section 1607(f) on page 32 in light
15 of recent comments received during the public review
16 period.

17 All the proposed changes were explained by staff
18 at a Committee hearing in Los Angeles. On 95 percent of
19 the items, there was no public comment, other than agreement
20 and support, and no written public comment has subsequently
21 been received.

22 Since these changes are explained in detail in
23 the initial statement of reasons, I do not plan to discuss
24 them today, unless you have particular questions. The
25 five percent on which comments were received are as follows:

1 1. Plumbing fitting certification form. A
2 comment was received that the change on the last line of
3 page 29, and the top of page 30 should not be made. The
4 proposed amendment is to delete outdated data requirements
5 for certification of plumbing fittings, and reference
6 instead the specific form which manufacturers must complete
7 for certified plumbing fittings.

8 Information to be provided on the form is
9 consistent with the adopted standard in Section 1604(f)
10 for plumbing fittings. Whereas the current data require-
11 ments for the certification of plumbing fittings are not --
12 objections to the proposed amendment appear to mistake the
13 data requirements for certification with the standard
14 itself.

15 The standard, however, is stated in Section
16 1604(f) which is the first paragraph on page 26, and which
17 refers to ANSI A112.18.1M-1979.

18 2. Test method for computer room air conditioners.
19 An additional test method which may be used for certifying
20 the performance of computer room air conditioners is
21 being proposed as the result of an industry petition.
22 Comments have been received indicating that this might be
23 a hardship for some small companies and requesting a delay
24 in the effective date.

25 These comments were submitted under the mistaken

1 impression that the additional test method is an additional
2 requirement. Since it is only an additional choice which
3 is being offered, there can be no hardship or justification
4 for delay.

5 Assuming adoption of the additional test methods,
6 the staff plans to send a letter to manufacturers of
7 computer room air conditioners, informing them of the
8 availability of a new test method, and the date by which
9 we expect test data for purposes of updating our directories
10 of certified air conditioners.

11 3. Accessible place. As mentioned earlier,
12 comments on the definition of accessible place will be
13 considered in modifying the proposed definition.

14 4. Date labeling requirements for plumbing
15 fittings. Several manufacturers have indicated their
16 opinion that the requirement that the date of manufacture
17 be shown on a plumbing fitting as required by the Warren-
18 Alquist Act is unreasonable.

19 The Plumbing Manufacturers Institute and others
20 recognize that relief from the date labeling requirements
21 can only be achieved through legislative action and are
22 working with the author of the original bill who recognizes
23 this problem.

24 5. Certification through other agencies. As
25 previously mentioned, a Committee hearing on this subject

1 is scheduled for next week. I'd be happy to answer any
2 questions now, or wait until after you've heard public
3 input if you prefer.

4 CHAIRMAN IMBRECHT: Okay. Commission questions?
5 All right, fine. Thank you very much. I have an indication
6 that we have one individual that wishes to testify, and I
7 then call Mr. Arthur Perlet, I believe.

8 MR. PERLET: Perlet, yes.

9 CHAIRMAN IMBRECHT: Perlet, excuse me. Please
10 come forward and take a seat.

11 MR. PERLET: My name is Arthur Perlet. I'm
12 the Director of Marketing of Interbath, Incorporated.
13 We're a manufacturer of personal care showers, shower
14 heads and accessories.

15 I'm here merely to strengthen the statement that
16 was just made, that it is very impractical to date code a
17 shower head, or plumbing fitting in this case. I'd also
18 like to call the Chairman's attention to the second to
19 the last paragraph of Assemblyman Katz's letter which also
20 pretty much confirms what we feel as a manufacturer.

21 That's all I have to say.

22 CHAIRMAN IMBRECHT: Okay, fine. Thank you very
23 much. We are in receipt of the letter, and understand
24 Assemblyman Katz's position. Mr. Prosser?

25 MR. PROSSER: Thank you, Mr. Chairman, members of

1 the Commission. My name is Jim Prosser representing the
2 California Spa and Pool Industry Council. In order to be
3 brief, I have a letter here, we apologize for not getting
4 this in earlier, that basically summarizes our testimony.

5 In a nutshell, insofar as these regulations
6 affect swimming pool heaters, we really don't view them
7 as editorial or administrative, they are in fact
8 substantive. It may very well be fait accompli, but the
9 real problem comes into effect when you examine SB 351,
10 the legislation which the Commission and our association
11 jointly sponsored to resolve the IID problem.

12 Based on then existing regulations of the
13 Commission, which threw everything under the phrase of
14 swimming pool heaters, we use that phrase in the legislation
15 and feel that by changing the definition midstream during
16 the inventory clearance period that there is going to be
17 a problem potentially with the building officials.

18 It may very well be that the changes you want to
19 undertake, we'd have no problem next year, but we perceive
20 potential problems by changing the definition now, while
21 the inventory clearance period for swimming pool heaters
22 with gas pilot light heaters is ongoing.

23 CHAIRMAN IMBRECHT: Okay, fine. Thank you, any
24 questions?

25 MR. PROSSER: Thank you.

1 CHAIRMAN IMBRECHT: Thank you. We'll offer this
2 as part of the record. Excuse me for a moment while I
3 review this.

4 (Pause to read document.)

5 CHAIRMAN IMBRECHT: Okay, fine. Commissioner
6 Commons?

7 COMMISSIONER COMMONS: Concerning the wording on
8 the date and place, I'm not sure how we do it procedurally,
9 but I think it's inappropriate for us to call out
10 specifically one appliance, refrigerators and freezers in
11 terms of location, in a different fashion from how we
12 treat all other appliances, and when this legislation came
13 forward, and this element was added to it, and I had some
14 involvement in the legislation, I think there were two
15 comments there.

16 One is the purpose was enforcement, not consumer
17 awareness. Some of the models on some of the appliances
18 may be made in 1982 or 1984, and the exact date of the
19 manufacture has nothing to do with the product if it's the
20 same model run and there have been no changes.

21 It's not like the automobile industry where all
22 models change each year.

23 The purpose of the date of labeling thus was not
24 a consumer awareness program, but was to make sure that
25 from a state perspective, that we had some way of enforcing

1 our requirements, and what we were doing is removing the
2 requirement that the retailer had to have an inventory
3 clearance period. So this was the compromise that resulted.

4 To reword this section, though, I think legally
5 requires a 15 day period to do so, and when I make the
6 motion, I'm going to make the motion to exclude that one
7 section. I don't know if we have to come back at the next
8 business meeting, or two business meetings hence. I think
9 we can do it on that special business meeting which we're
10 having with the refrigerator presentation on the Thursday,
11 which would make it the 15 days, and it might be the
12 appropriate time to add that one section.

13 Concerning the plumbing fixtures, I see no
14 purpose of having date labeling, and I think it was an
15 inadvertency at the Legislature, and not really having
16 recognized that problem, since no one brought it to
17 anyone's attention.

18 But there's nothing that we can do here, given
19 the law, other than to work with Senator Montoya and
20 Assemblyman Katz in drafting legislation for them to
21 introduce to take care of this by amendment. The law is
22 quite specific that it does include this, that the date
23 of labeling has to be on it, and I don't see how we legally
24 have a way of handling that here at the Commission, other
25 than encouraging legislation.

1 In fact, we have had draft legislation which
2 included staff provision, among other provisions in some
3 bills, but I'd like to suggest to the Legislative Committee
4 that we move forward on that one particular provision,
5 notwithstanding the rest of that -- of the bill, and we
6 take care of this problem that clearly is one that needs to
7 be taken care of.

8 CHAIRMAN IMBRECHT: Are you prepared to make a
9 motion?

10 COMMISSIONER COMMONS: I would move that we
11 adopt all but that Section 1607(f) and we put that over
12 for 15 days.

13 CHAIRMAN IMBRECHT: Do I hear a second?

14 COMMISSIONER GANDARA: I'll second it.

15 CHAIRMAN IMBRECHT: Seconded by Commissioner
16 Gandara, moved by Commissioner Commons.

17 COMMISSIONER COMMONS: I have one legal question
18 I'd like to ask.

19 CHAIRMAN IMBRECHT: To adopt the proposed
20 amendments -- just let me state the motion, absent 1607
21 Subsection (f), is that what you said?

22 COMMISSIONER COMMONS: Yes. When do we need the
23 draft language to meet the 15 day rule? Does that have to
24 be done today? How do we have to do that so that we could
25 timely get that provision incorporated?

1 MS. ICHIEN: Any changes -- my name is Arlene
2 Ichien, staff counsel. Any changes that we make to
3 currently proposed regulations will have to be available
4 to the public, that is, mailed out to the public, at least
5 15 days prior to the adoption date, and I understand the
6 adoption date, the proposed adoption date for a definition
7 for accessible place would be August 16th.

8 So 15 days prior to that I would have to have
9 mailed out to the public.

10 COMMISSIONER COMMONS: Well, I'd like you, then,
11 Mr. Chairman, if we were to adopt this motion, to ask
12 staff to see that --

13 CHAIRMAN IMBRECHT: That would be an order.
14 Would you explain again your statement on the shower heads
15 and --

16 COMMISSIONER COMMONS: Well, legally, we have
17 no ability here to do anything about the problem. I concur
18 that it's a problem that date of labeling should not be on
19 shower heads or on plumbing fixtures, and what we ought to
20 do is we have a provision in one of the bills that the
21 Legislative Committee has to make an amendment to that
22 section, but it's one out of six or seven provisions.

23 My suggestion is that we take that one element
24 of that bill and to suggest to Assemblyman Katz and
25 Senator Montoya that they make an amendment to the

1 legislation to eliminate shower heads and plumbing fittings.

2 I am aware of no one who supports, and I'm aware
3 of now benefit by having the date of labeling on either of
4 those two.

5 CHAIRMAN IMBRECHT: Yeah, I understand. In light
6 of the letter from Assemblyman Katz, which I think is a
7 part of our docket, this letter from Assemblyman Katz
8 addressed to me, dated July 13th.

9 MR. MARTIN: It had not been docketed as of
10 yesterday afternoon.

11 CHAIRMAN IMBRECHT: Well, I suggest we add this
12 as part of our record. I'm -- your suggestion is that we
13 go ahead and adopt this even though the regulations are
14 contrary to Assemblyman Katz's regulation on the grounds
15 that we have no option.

16 COMMISSIONER COMMONS: Yeah. Assemblyman Katz
17 is the one who included the date of labeling, and the
18 Commission is ordered to enforce the state law, and that
19 is the state law. It would be my hope that in the August --
20 in the short August section that such a noncontroversial
21 provision would be able to be included.

22 CHAIRMAN IMBRECHT: Well, I would agree with that,
23 but I guess my question is, I mean, I don't believe we're
24 under any time mandate to adopt regulations consistent with
25 the statute, are we?

1 MS. ICHIEN: If I might clarify, Subsections (d)
2 and (e) --

3 CHAIRMAN IMBRECHT: Of 1607?

4 MS. ICHIEN: Of 1607 which are being proposed today
5 for adoption do not refer at all to the plumbing fittings.

6 CHAIRMAN IMBRECHT: So the implication of that is
7 that --

8 MS. ICHIEN: So the implication of that is, if
9 you do decide to adopt those two subsections, it would be
10 to implement the date labeling requirement, it would not
11 specify how we would treat plumbing fittings necessarily
12 under that requirement. It is silent with respect to
13 plumbing fittings.

14 But it is consistent with the statutory requirement
15 that the date of manufacture be on covered appliances. It
16 merely specifies the kind of information that we would
17 require be on appliances manufactured on or after July 1,
18 '84 and for which there would be new standards.

19 CHAIRMAN IMBRECHT: I see. Originally we proposed
20 the plumbing fittings in Subsection (f) and we've dropped
21 that language, the staff has, in terms of regulations?

22 MS. ICHIEN: Subsection (f) is merely a definition
23 of accessible place which the law requires the date of
24 manufacture be displayed on, and to make it easier for
25 plumbing fitting manufacturers, we included additional

1 language which refers to plumbing fittings, and which would
2 allow plumbing fitting manufacturers to place the date of
3 manufacture on any part of the plumbing fitting. This was
4 in response to a comment that we got suggesting that it's
5 very difficult to place the dates of manufacture on
6 plumbing fittings because there are different components.
7 Plumbing fittings generally don't have name plates,
8 et cetera.

9 So to ease the requirement, so to speak, we
10 broadened the definition of accessible place for plumbing
11 fittings to allow the manufacturer greater discretion in
12 where to put the date of manufacture. That subsection,
13 the definition of accessible place will be revised and
14 considered for adoption on August the 16th.

15 Adoption of the prior two subsections (c) and (d)
16 does not in any way affect plumbing fittings, other than
17 the way they're inadvertently affected by the current law
18 requiring the date of manufacture.

19 CHAIRMAN IMBRECHT: Okay, I understand.
20 Commissioner Commons.

21 COMMISSIONER COMMONS: What if we, in Section (f)
22 were to -- or in Section (g), were to include a provision
23 that the date of labeling on plumbing fittings doesn't
24 commence until January 1st, 1985, which would give the
25 Legislature time to remove it before then?

1 CHAIRMAN IMBRECHT: Well, my understanding is
2 we're not covering plumbing fittings as it is. The language
3 that's in Mr. Katz's letter is not before us for adoption.
4 Staff has already amended that, so we've in effect --
5 the staff has been responsive to his suggestion.

6 MS. ICHIEN: That's correct.

7 CHAIRMAN IMBRECHT: So, it appears to me that
8 there's no necessity to take that action.

9 COMMISSIONER COMMONS: No problem.

10 CHAIRMAN IMBRECHT: Okay, I think that pretty
11 much resolves it.

12 MS. ICHIEN: May I also make one other
13 clarification?

14 CHAIRMAN IMBRECHT: Yes.

15 MS. ICHIEN: Commissioner Commons, is it also
16 your intent, I believe it is, to postpone the adoption of
17 Section 1606 Subsection (d) which pertains to certification
18 programs, the criteria that --

19 COMMISSIONER COMMONS: Did I not state that in the
20 motion?

21 MS. ICHIEN: I don't believe you did.

22 COMMISSIONER COMMONS: Oh, then I made an error
23 in my motion, since we have a hearing on that already
24 scheduled.

25 MS. ICHIEN: And the proposed adoption date for

1 that subsection would be September 19th.

2 COMMISSIONER COMMONS: Yes.

3 CHAIRMAN IMBRECHT: Okay. Without objection, we
4 will assume that that's a friendly amendment to the motion,
5 I assume the second would accept that as well. So with
6 those clarifications before us -- and I think it's also
7 fair to say that -- make it very clear in my public
8 statement, there's no intent to try to enforce anything
9 with respect to plumbing fittings pending action by the
10 Legislature to reflect Assemblyman Katz's suggestion.

11 With that, I'll ask if there's objection to a
12 unanimous roll call?

13 COMMISSIONER GANDARA: I'd like a restatement of
14 the motion. I want to know what it is that's not being
15 proposed today, is it the 1607(f)?

16 CHAIRMAN IMBRECHT: The 1607(f) and Commissioner
17 Commons, do you want to add to that?

18 MS. ICHIEN: 1606(d).

19 CHAIRMAN IMBRECHT: Okay. 1607(f) and 1607(d)
20 so we would adopt -- the motion is to adopt all but those
21 two subsections.

22 COMMISSIONER GANDARA: Okay, are we going to have
23 discussion?

24 CHAIRMAN IMBRECHT: Yes, Commissioner Gandara.

25 COMMISSIONER GANDARA: The question I would have

1 for the presiding member is that since 1607(f) as I
2 understand by his motion, he intends to delay consideration
3 until it can be renoticed, possibly 15 days from the day,
4 or whatever, why is there any urgency, then, to deal with
5 the rest of these items, why not just hold over the entire
6 package since it does seem to me at least that 1607(f) is
7 related to the sections -- the entire section of 1607, so
8 that frankly, I -- well, I don't have a problem with the
9 motion as stated, I guess I -- you know, it would depend
10 on what the disposition of (f) would be, so that would be
11 an issue with me.

12 Mr. Martin, do you have an answer?

13 MR. MARTIN: Yes. Actually this document, for the
14 sake of convenience, was a combination of three different
15 proceedings, 84-AES-3, 84-AES-4 and 84-AES-5. The
16 section that you're discussing was actually a separate
17 proceeding from a separate petition and does separate
18 itself very easily, and I would not have mentioned it
19 today if it had not been bound in the same book.

20 COMMISSIONER GANDARA: You're saying 1607(f) is
21 separate from the --

22 MR. MARTIN: No, 1606(d) is, I think, the one
23 you were referring to.

24 COMMISSIONER GANDARA: Well, I'm referring to both
25 1606(d) and 1607(f).

1 MR. MARTIN: I would urge --

2 COMMISSIONER GANDARA: I'm concerned with the
3 totality of the package.

4 MR. MARTIN: I would urge that we do take some
5 action on 1607 in that the legislative dates, effective
6 date is July the 1st and I've had an awful lot of people
7 after me saying how can we act on something that you
8 haven't acted on yet.

9 COMMISSIONER GANDARA: Well, I guess that's my
10 point, you know, if the effective date is July the 1st,
11 and we're here July 18th, and we can delay consideration of
12 a portion of this for two weeks, it seems to me that
13 frankly I'd like to see the totality of 1607 considered
14 together.

15 MR. MARTIN: Well, (b) and (e) do stand by
16 themselves. Actually it's perfectly -- it's meaningful
17 by itself. The only thing that is not defined is precisely
18 what an accessible place is, and somebody who is enforcing
19 the regulation would have to look at it and make their own
20 decision.

21 COMMISSIONER COMMONS: It was our intent to --

22 CHAIRMAN IMBRECHT: We're going to have a two
23 week hiatus of broad instruction from the enforcing
24 individual is what it boils down to.

25 COMMISSIONER COMMONS: Our intent on 1607(f) is

1 an accessible place for all appliances, is a place which
2 can be easily seen when the appliance is installed without
3 the need of tools to remove any covering.

4 MR. PENNINGTON: That's generally the case. We
5 have a couple of different commentors on this section.
6 What staff intends to do is meet with those commentors and
7 resolve this issue in the next 15 days and make another
8 proposal on this particular language. We're not prepared
9 today to make a proposal.

10 COMMISSIONER COMMONS: The only comment I would
11 have in partial answer to your question, and I can say
12 personally, if the Commission wanted to hold the whole item
13 until the -- for 15 days, that I would not have a problem
14 with that request, is the manufacturers are concerned that
15 they are in violation of the law today, and they are asking
16 for guidance so that they can try to work with the
17 California State law.

18 We do have the problem that we can't make even
19 a small change without the 15-day notice, and on the
20 refrigerator/freezer, I just don't feel we should call out
21 one set of appliances in a different fashion than another.
22 Everyone should be treated in the same fashion.

23 COMMISSIONER GANDARA: Well, with that, let me
24 say, Mr. Chairman, that I seconded the motion to bring the
25 item to a discussion, but it would be my preference that if

1 indeed there is no particular urgency that I -- and that if
2 we are going to hold over part of this package for 15 days
3 from today that I don't see that the world will fall apart
4 in another two weeks.

5 So for that reason, I would urge that we do that.
6 I don't know what would be appropriate, a substitute motion,
7 or an alternative motion.

8 CHAIRMAN IMBRECHT: Well, let's just see if --
9 Commissioner Commons, do you have objection to that request?

10 COMMISSIONER COMMONS: No, I don't object. The
11 one element I'd want to say, Commissioner Gandara, is that
12 we do have the petition on the BR Laboratories concerning
13 the certification and I'm assuming your comments are
14 directed to the location of the date of labeling, not
15 related to the disposition of the BR Laboratories which is
16 a totally separate matter in terms of who certifies.

17 Fifteen days I think is one item to hold this
18 for two months to resolve who does the certification would
19 be a different matter.

20 MR. PENNINGTON: Could I ask a question here? Is
21 your intent, Commissioner Gandara, to postpone the
22 adoption of the whole package, or just Section 1607? I
23 would recommend the latter if a decision is made that we
24 want to postpone the matters that relate to the date
25 labeling so that we can submit the package, the non-

1 controversial package to OAL and start making progress on
2 getting their approval of it.

3 COMMISSIONER GANDARA: Well, I had assumed that
4 what was before us was the entire package, that's what I
5 was directing my particular comments at, because as I said
6 before, I know this is a combination of different proceedings.

7 There does appear to be at least a difference of
8 perspective among various participants in this process, and
9 with all due respect to the letters that we have received,
10 you know, I have, frankly, a different recollection of some
11 of the legislative intent behind some of these issues here.

12 I think what we have here is an unfortunate
13 example of side effects of special interest legislation
14 that was not necessary to begin with, conducted an entire
15 proceeding in which we got from that proceeding was that
16 there was no problem with inventory clearance, there was
17 no inventory being stacked up that presented the kind of
18 problem that was being argued before us.

19 Nonetheless, there was a pursuit of legislation
20 to remove that to unlimited clearance. What we did say
21 was that if there was to be perceived a problem that we
22 would agree to extend the inventory clearance period from
23 the one year to two year notice, which we had two additional
24 years, so it would be essentially a three year notice, a
25 two year inventory clearance period, so it would be beyond

1 any reasonable doubt that there would be inventory stacked
2 up, and that the sole purpose for that was so we would be
3 able to deal with enforcement.

4 So nonetheless, this thing proceeded, and we now
5 have a problem with the enforcement side of what accessible
6 place is and what the labeling is. So that what came out
7 of that is that it appeared that the unlimited inventory
8 clearance period was going to prevail that then, you know,
9 what was requested, would there be an addition with respect
10 to the date of manufacture, and I disagree when it says
11 that the date of manufacture was solely for the purpose of
12 enforcement.

13 It was not. It was for the purpose also of
14 making the consumer aware of what, in fact, was in compliance.
15 Because what you're going to have now is a certified
16 directory that will be expanded continually, every new
17 product that comes in will now be in that directory. No
18 old products will ever go out.

19 When you have a limited inventory clearance
20 period, that was the case. The other reason for it is that
21 we do have a considerably sophisticated end-use model that
22 depends a lot on audit data, and what we have had and done
23 in certain situations is we have gone out and collected
24 data. When the audits have been performed for whatever
25 purposes, we have sometimes prevailed upon the good graces

1 of the utilities to collect information, the date of
2 appliances, or model numbers to be able to make some studies
3 and some amicable work as to what the replacement of that
4 appliance stock is to be able to address the kinds of
5 issues the industry was interested in.

6 So for that reason, there were many reasons for
7 which that date of manufacture was requested and found its
8 way in there. So it was not solely for the purpose of the
9 Energy Commission staff to be able to enforce that.

10 So it's because of my view of that particular
11 aspect of it that I view these regulations in its totality
12 because we're now trying to cure a problem with some
13 legislation that cured -- supposedly cured a problem that
14 didn't exist to begin with. That's where we find ourselves
15 here, and I think it's important that we address this issue
16 in its totality, that's my concern.

17 CHAIRMAN IMBRECHT: Commissioner Commons?

18 COMMISSIONER COMMONS: There is one aspect of
19 what Commissioner Gandara says, that I've gone and tried
20 to learn about this industry and what is happening, and
21 one area that we have very little control over is on the
22 labeling.

23 If you look at the label that is put on a typical
24 refrigerator, it will say the least efficient model costs
25 \$53 per year to operate and -- I mean the most efficient, and

1 the least efficient costs \$150 or \$200 to operate, and then
2 you go out on the marketplace, and you look at that type of
3 refrigerator, and they're all at about \$70, \$80, \$100.

4 What happens is that the least efficient ones
5 that are \$150 or \$200, and so they're identified on the
6 label has those available, they're really not available,
7 they're gone, and so you really have done in the labeling
8 a disservice to the consumer, because the consumer starts
9 thinking that if I buy one that's \$75 a year, or \$100 a
10 year, it's half of the worst one out there, but the worst
11 one out there is not out there.

12 What we've actually done on the whole labeling
13 process is a total disservice to the consumer. Then if you
14 put this type of information into our records, and have no
15 way of eliminating that, that would be our compounding
16 that, because those records are used by everybody in
17 industry.

18 In any event, I have no problem if the Commission
19 wants to hold it for 15 days.

20 CHAIRMAN IMBRECHT: Okay, let's respond to this.
21 I think that the indication is that Commissioner Commons
22 and Commissioner Gandara are going to withdraw their
23 motion, and so I think we'll put the entire matter over.

24 COMMISSIONER COMMONS: One second, I'm saying the
25 Commission -- if the Commission wants to go -- if we're

1 four Commissioners --

2 MR. PENNINGTON: Could I make a recommendation
3 here?

4 CHAIRMAN IMBRECHT: Certainly.

5 MR. PENNINGTON: Perhaps it's Section 1606 and
6 1607 that you want to hold over. Those two sections deal
7 with the --

8 CHAIRMAN IMBRECHT: And adopt the remainder of
9 it?

10 MR. PENNINGTON: And adopt the rest. Those
11 sections deal, I think, with Commissioner Gandara's
12 concern, and we'd like to get on with the rest of it if we
13 can.

14 CHAIRMAN IMBRECHT: Is that acceptable to you,
15 Commissioner Gandara?

16 COMMISSIONER GANDARA: Well, I really want to
17 hold the whole thing over, you know, but if you want to
18 proceed, that is fine by me.

19 COMMISSIONER CROWLEY: Excuse me, the original
20 motion was to adopt all but the two sections, isn't that
21 correct?

22 CHAIRMAN IMBRECHT: No, all but 1606(d) and
23 1607(f).

24 COMMISSIONER CROWLEY: And then Commissioner
25 Gandara spoke to holding the whole thing, is that correct?

1 CHAIRMAN IMBRECHT: The entire package.

2 COMMISSIONER CROWLEY: Thank you.

3 CHAIRMAN IMBRECHT: And the current suggestion is
4 that we adopt all but 1606 in its totality, and 1607 in
5 its totality.

6 COMMISSIONER COMMONS: Where is Commissioner
7 Crowley and Imbrecht's --

8 CHAIRMAN IMBRECHT: Well, frankly, I don't have
9 any strong feelings about this matter. I think to
10 accommodate the staff, it is reasonable to adopt the
11 remainder of it, and unless I hear a strong objection,
12 that's what I'd suggest we do, is that acceptable?

13 COMMISSIONER CROWLEY: That's acceptable with you?

14 CHAIRMAN IMBRECHT: Let's try it one more time.
15 Let's withdraw those motions. I will move that we adopt
16 all but Sections 1606 and 1607, do I hear a second?
17 Seconded by Commissioner Commons. Is there objection to a
18 unanimous roll call? Okay, do you want to be recorded as
19 a no, Commissioner Gandara?

20 COMMISSIONER GANDARA: That's fine.

21 CHAIRMAN IMBRECHT: No or an abstention?

22 COMMISSIONER GANDARA: No would be fine.

23 CHAIRMAN IMBRECHT: Record Commissioner Gandara
24 as a no vote, ayes 3, noes 1, the motion is adopted, 1606
25 and 1607 will be before us at the next business meeting,

1 is that correct? Commissioner Commons?

2 COMMISSIONER COMMONS: With the exception of
3 1606(d), I believe is September.

4 CHAIRMAN IMBRECHT: All right, fine.

5 COMMISSIONER COMMONS: And it's on the Thursday
6 business meeting, not the Wednesday one.

7 MR. PENNINGTON: It would be the August 17th or
8 16th business meeting, rather than the August 1st business
9 meeting.

10 CHAIRMAN IMBRECHT: I understand. Let's move
11 along, folks, we've spent an awful lot of time on this
12 item and not accomplished a whole lot in the process.

13 I don't see any minutes in my book, do we have
14 any minutes for approval? Oh, I'm sorry, I do have them,
15 pardon me. We have minutes for June 19th and 20th. Are
16 there any corrections to the minutes as presented? Is
17 there objection to adoption of those? Hearing none, the
18 minutes are approved as presented.

19 Policy Committee reports, are there any Committee
20 reports?

21 COMMISSIONER CROWLEY: There is no Legislative
22 Committee report.

23 CHAIRMAN IMBRECHT: No Legislative Committee
24 Report. Any Committee reports Commissioner Commons?

25 COMMISSIONER COMMONS: Yes, on the Appliance

1 Committee, I have a letter from the California Truckers
2 Association requesting that they have a member placed on
3 that advisory committee, and I think that if we add or
4 delete members from the advisory committee, the procedure
5 is we have to come back before the Commission.

6 So I'd like to request that the Commission
7 approve having a representative from the California
8 Truckers Association.

9 CHAIRMAN IMBRECHT: Is there objection? Moved
10 by Commissioner Commons, seconded by myself to add a
11 representative from the California Trucking Association to
12 the Appliance Advisory Committee. Is there objection to a
13 unanimous roll call? Hearing none, ayes 4, noes none.

14 Further Committee reports?

15 COMMISSIONER COMMONS: Yes, they have also
16 indicated that they would like to work with the Commission
17 on the freight model that this Commission developed, one
18 of the members here from the Commission now is with the
19 Truckers Association, and their statement to me was that
20 this is the finest freight model in the country, and they
21 want to coordinate with us concerning conservation on that,
22 and I at this time don't understand one, the model itself,
23 or two, what are the ramifications in terms of if it would
24 require any of our time or data, but I'd like to suggest
25 that we ask the appropriate office within the Commission to

1 investigate if there's a way we could cooperate with them,
2 there may be some benefit to us and to them on this, and
3 it's a model we spent a lot of money developing, and my
4 understanding is, it is not currently being used
5 substantially by us, and to at least explore that opportunity
6 or possibility.

7 CHAIRMAN IMBRECHT: Okay, fine. Further
8 Committee reports? Commissioner Commons?

9 COMMISSIONER COMMONS: Yes, I'd like -- we're
10 tomorrow starting the Electricity Report hearings on the
11 demand side and we'll be following those up on the supply
12 side. I guess all together there's some 20 or 25 hearings
13 and workshops, and I thought I'd like to ask Thom Kelly
14 to give a little bit of a run down in terms of where the
15 process is, and give some comments.

16 The one that we're starting with tomorrow
17 concerns data adequacy and the identification of issues,
18 and maybe Thom, you could introduce this topic a little bit.

19 CHAIRMAN IMBRECHT: Mr. Kelly?

T.2 20 MR. KELLY: We're changing now our phase from
21 preparing for the common forecasting methodology to actually
22 doing the common forecasting methodology. We set up some
23 rules, requirements, reporting arrangements with staff
24 and utilities, information has been coming in over the
25 spring, and even as late as a couple of days ago from

1 utilities with all the information that's been required
2 so far, and we're at a crossroad that starts the proceedings
3 tomorrow in evaluating the information that has come in
4 from staff and utilities.

5 So this is the next phase, and it's the next few
6 months that will decide the -- whether information is
7 sufficient to create a good Electricity Report. That's
8 where we stand right now.

9 All the utilities have filed, the staff has
10 filed, the Department of Water Resources is the only
11 participating entity that has not completed all of the
12 forms and instructions at least in our first cut. We're
13 in the process of reviewing them for data adequacy. The
14 utilities in turn are reviewing our submittals for adequacy
15 for their deliberations.

16 At the moment, we have some concern that there
17 might not be sufficient information currently to afford the
18 best Electricity Report that we would hope to come out of it.
19 So that's why we have this hearing process set up tomorrow.
20 The Committee will be hearing the staff's indications of
21 how the utilities can more completely fill out the forms
22 that have been required, and hear the utility requests for
23 additional staff information as well.

24 Over the next couple of weeks, we'll be
25 deliberating which of those are the data needs that really

1 need to be met, and which ones are not necessary, or can't
2 be provided for some reason. After the hearing on the data
3 adequacy starts, we will have the prehearing conference on
4 the issues for the demand side. We won't have the issues
5 for the supply side for some time yet from all parties.

6 The staff is proposing, however, to offer the
7 issues that we see on the supply side very shortly.

8 CHAIRMAN IMBRECHT: Commissioner Commons?

9 COMMISSIONER COMMONS: We will be putting on the
10 agenda, and in case we do have a problem at the Committee
11 tomorrow in terms of the data as you're all aware, last
12 year, when we did this process, we one, eliminated a
13 substantial amount of the data requirements from the
14 utilities, but most particularly, we introduced a procedure,
15 and granted exemptions from the data requirements for
16 certain utilities, particularly trying to take into
17 consideration, for example, LADWP they did not have
18 agriculture, for SMUD, they are much smaller than PGandE,
19 or Southern California Edison, and the cost of some of the
20 data requirements.

21 The concept was that by doing that reduction, we
22 would get compliance with what we made the request, and
23 at the same time, we had a substantial reduction in our
24 own staff and so not everything that they are doing is
25 being duplicated by us. My concern is that this Commission

1 does have to make a forecast, which is based for our
2 siting, and that we have the ability to do so, and in case
3 we do have a problem, I want to agendize this so that the
4 full Commission, rather than the Committee, address how
5 we enforce getting the data that we require.

6 I don't think it's appropriate for the Committee
7 to do a subpoena, or take other sanctions, that it's
8 something that's appropriately discussed by the full
9 Commission. So I just want to make the Commission aware --

10 CHAIRMAN IMBRECHT: Put us on notice, in effect,
11 I understand.

12 COMMISSIONER COMMONS: If we have a problem, I
13 want to take care of it as soon as possible rather than
14 letting this drag on.

15 CHAIRMAN IMBRECHT: All right, fine. Further
16 Committee reports? Commissioner Commons?

17 COMMISSIONER GANDARA: I had a question for this
18 Committee, or are you finished with the Committee report,
19 or --

20 COMMISSIONER COMMONS: One left.

21 COMMISSIONER GANDARA: Another Committee or the
22 same Committee?

23 COMMISSIONER COMMONS: Another Committee.

24 COMMISSIONER GANDARA: Okay, I have a question for
25 the Committee you just reported on. The last time around

1 we did an Electricity Report, one of the issues that
2 happened to be before the Committee at that point in time
3 was the demand forecast Department of Water Resources.
4 At that particular time, I think there was an issue with
5 respect to an initiative that was on the ballot, and the
6 question of what the need might be.

7 Now, with Department of Water Resources, they
8 have been one of the organizations that have come before
9 us to site several power plants, two geothermal plants,
10 in fact, have gone through our process.

11 I would just like to inquire of the Committee as
12 to what plans, or what intention might you have into
13 looking at the demand forecast, or the need assessment
14 for the Department of Water Resources under various
15 scenarios, that is both under the situation that exists
16 today, and that of proposed legislation with respect to
17 transferring more water down to the valley and possibly
18 across the Tehachapis, and therefore the energy impact
19 that that would require.

20 Is that going to be a major issue that the
21 Committee's going to be looking at, and if so, can this
22 Commission expect that we're going to have a report at some
23 point in time as to whether there are going to be additional
24 energy needs that are going to be created by such a plan,
25 and if so, the extent of those, and the resource plan needed

1 to address that?

2 COMMISSIONER COMMONS: Well, your comment is
3 timely made, because the purpose of tomorrows workshop in
4 the afternoon is to identify the primary issues that we
5 should focus on. So I would encourage other Commissioners,
6 if they have areas that they would like us to look at,
7 that they either participate in that workshop, or address
8 them either in this forum, or to me personally.

9 We have not at this time made any of those types
10 of decisions, rather we said, let's have a public workshop
11 so we can all participate and giving the Committee direction
12 as to what you see as the primary issues.

13 CHAIRMAN IMBRECHT: I think that's a good issue
14 that Commissioner Gandara raised, although I would suggest
15 that we don't devote substantial staff resources until we
16 see what happens in the month of August. I think it's
17 fair to say that a few people are skeptical that in the
18 remaining three weeks of the legislative session that
19 there's likely to be a closure on the water issue, but
20 we'll see.

21 COMMISSIONER COMMONS: I hope you're not asking us
22 to prognosticate the amount of rain in the next 12 year
23 period.

24 CHAIRMAN IMBRECHT: No, I think he's talking about
25 the Governor's water plan and what the energy implications

1 of that are. I presume DWR probably has some members on that.

2 COMMISSIONER COMMONS: We haven't received DWR,
3 that's the --

4 MR. KELLY: No, that's -- yes, sir.

5 CHAIRMAN IMBRECHT: Let me just inquire a minute,
6 what do you account, or what do you attribute that problem
7 to?

8 MR. KELLY: Just a matter of getting it through
9 their process.

10 COMMISSIONER CROWLEY: They're a part of the
11 government?

12 CHAIRMAN IMBRECHT: Yes.

13 MR. KELLY: We expect you to be forthcoming.
14 We're very familiar with the staff, the staff is quite
15 capable, and they've done similar analyses before. They
16 had a press of other work that had to get done, and I think
17 ours just slipped slightly in the schedule.

18 COMMISSIONER COMMONS: If you ever complain here
19 about --

20 CHAIRMAN IMBRECHT: If you need any assistance on
21 that score, let me know.

22 COMMISSIONER COMMONS: If you ever complain here
23 about printing delays, let me tell you that every utility in
24 this state experienced at least two months of printing
25 delays. I can't say every, but there's an awful lot, so

1 don't complain if we have printing delays here, it's an
2 indemic problem.

3 CHAIRMAN IMBRECHT: We'll have to ask for
4 Senator Rosenthal's advice on that matter, it's his
5 professional background is as a printer. Okay. Further
6 Committee reports? Commissioner Commons?

7 COMMISSIONER COMMONS: The Appliance Committee
8 has, in following this Commission's direction, been looking
9 at various ways that we can have cost-effective energy
10 savings from appliances, and one of the areas that we have
11 been working very hard is to work on various incentive
12 proposals, and we held a workshop in Southern California
13 where we had good participation by a large number of
14 parties, and then we followed this up with a joint workshop
15 with the Public Utilities Commission where Chairman Grimes
16 and myself were both in attendance.

17 What I'd like to do is ask Ted to give a little
18 bit of information to the Commission in terms of what
19 transpired there, and some of the follow-up work that he
20 personally has been doing.

21 MR. RAUH: Thank you, Commissioner. Basically
22 I think that, first of all, the workshop was very well
23 attended by utilities and manufacturer representatives,
24 both regulated utilities and municipal utilities in
25 attendance, and I think the conclusions reached there were

1 that first of all, there is interest and I think belief on
2 the part of the PUC that a cost-effective reasonable set
3 of incentive programs can be designed and implemented in
4 the state. The issue here will be to both produce those
5 kinds of programs, and reach a policy conclusion, as well
6 as an administrative solution on how to implement them on
7 a statewide basis.

8 The most important conclusion I think was that
9 there was a need for a consistent market development effort
10 in incentives that lasted from five to six years that would
11 be targeted to encourage manufacturers to make the invest-
12 ments in the high end efficiency appliances, rather than
13 just continuing to produce those -- the bulk of their
14 appliance mix at the national average of efficiency.

15 This seems to be a conclusion reached by generally
16 everyone in the meeting. As follow-up, what I have done is
17 contacted Mr. Bill Ahern at both Commissioner Commons' and
18 Commissioner Grimes' insistence, to develop the administra-
19 tive -- or the administrative approach within PUC, to find
20 out how best to implement a policy conclusion that both
21 Commissions can agree upon, rather than waiting for the
22 typical three year rate case cycles of the investor owned
23 utilities, we are looking for a strategy that would be
24 able to implement this five to six year program on a
25 routine and regularized basis for all of those utilities.

1 Likewise I've written a letter to -- rather, the
2 -- yes, CMUA, with copies of both these letters to the
3 effected utilities suggesting that they too encourage their
4 members, and develop a forum in which the municipal
5 utilities of the state can also develop compatible programs
6 using as the analytic base the proceeding that we're
7 underway right now, and therefore taking advantage of the
8 significant analytic capabilities of the major investor
9 owned utilities, the staff and the industry.

10 Basically where we are right now is trying through
11 these letters to identify both the process and the players
12 to bring this proceeding to a successful conclusion.

13 CHAIRMAN IMBRECHT: Okay.

14 COMMISSIONER COMMONS: There are two or three
15 things I think are worthy to note. One was the Public
16 Utilities Commission has been moving away from the incentive
17 programs, and the recognition that we should have a fairly
18 long period of this program, five or six years and a fairly
19 substantial redesign really, I thought was a major
20 accomplishment to get a concensus of a large number of
21 parties that we had there that day.

22 Second is the utility cooperation and participation
23 I think is worthwhile to call out here, is that there was
24 really excellent -- both cooperation and I think support
25 for the directions that we were all going from Pacific Gas

1 and Electric, from Southern California Edison and from SMUD.

2 We did have the unique situation of San Diego
3 Gas and Electric, which is our state's highest price
4 utility, basically in opposition to the incentive programs.
5 Their belief was that incentive programs would function
6 better in utilities with lower costs, for example SMUD,
7 and would be difficult to justify in high cost utilities.

8 The logic of that I can't quite understand, I
9 would generally think that you would save more from
10 appliances that are more efficient when they cost 14 cents
11 a kilowatt than when it costs 5 cents a kilowatt. But
12 basically, I think the bringing together, and having the
13 ability to develop a concensus on a wide variety of areas
14 here was a real accomplishment for that day, and the
15 utilities, the PUC, our staff, and the manufacturers
16 worked very productively for that time.

17 That finishes our Committee reports.

18 CHAIRMAN IMBRECHT: Okay. Commissioner Gandara,
19 did you have a Committee report? No? Apparently not.
20 All right, fine. General Counsel's report?

21 MR. CHAMBERLAIN: Mr. Chairman, I have only one
22 item, and I believe that it's appropriate for a closed
23 session. It relates to the Redwood Oil Contract.

24 CHAIRMAN IMBRECHT: All right, fine. We'll take
25 that, then, when we break. Moving on to the Executive

1 Director's Report, are you prepared to begin on the work
2 plans?

3 DEPUTY DIRECTOR SMITH: Yes, we are.

4 CHAIRMAN IMBRECHT: Do you have some materials
5 for us or --

6 DEPUTY DIRECTOR SMITH: Yes, we do. Mr. Chairman,
7 I apologize for not having this material to you in advance
8 of the meeting. I think that you'll find that it's
9 familiar, but in at least one division, the process is a
10 little bit more dynamic than we anticipated.

11 CHAIRMAN IMBRECHT: Thank you.

12 DEPUTY DIRECTOR SMITH: What we'll be presenting
13 today is a summary of the major issues that we've identified
14 and worked with the policy Committees and the Commission's
15 Budget Committee towards a proposed resolution of, as well
16 as an overview of how we're going to propose to use the 352
17 staff that we were authorized in the Governor's budget.

18 To balance the expected work load, products,
19 with the level of staff we have has been obviously a
20 difficult exercise, and I think each division has put a
21 substantial amount of effort into reviewing the activities,
22 the tasks, the products, with an eye toward reducing any
23 work that wasn't of the highest priority.

24 We also know that there's the potential for
25 additional responsibilities, additional work coming to the

1 Commission, and we'll identify those on a division-by-division
2 basis. Certainly in the siting program, where we're facing
3 a substantial change.

4 The process that we're suggesting is that we
5 review the major issues and activities with you today,
6 indicate the proposed direction that we'll be taking. With
7 your concurrence today, we'll incorporate those changes in
8 the detailed work plans that specified the timing of our
9 products, the specific tasks and activities, those detailed
10 work plans, modified, based on our presentation will be
11 made available to each Commissioner's office for a review
12 period before becoming final so that if there are questions
13 as to the way in which we're going to be implementing the
14 direction, there will be an opportunity at a future
15 business meeting to raise those issues and resolve them.

16 I think we'd like to begin with a brief overview
17 of the resources that we have available, how the work plan
18 process fits into this year's overall resource allocation
19 process. I think Rick, you were going to --

20 MR. DONALDSON: Okay. Well, essentially we have
21 given this presentation to you Commissioners at the March
22 change process. Basically what occurred in the Governor's
23 budget, and I have a spread sheet that we'll pass out, and
24 we were not going to go through it in detail, we have added
25 to the Governor's budget, the Lassen project, and that's

1 essentially the only difference we have since the March
2 change process when we gave this presentation earlier. We
3 will be happy to pass this out. This was passed out at the
4 Budget Committee, and we went over it with your advisers
5 as well. Lorri, maybe you could give me a hand and just
6 pass this out.

7 Essentially, Commissioners, what we have done for
8 you is taken you from the very base budget, as you'll see
9 in this document, shown where we've added BCP's, shown
10 what has occurred in the March change process, added --
11 shown you what the legislative action was. In other words,
12 we added the Craven proposal and nonres support in the
13 Lassen biomass, and then showed what the Governor's vetoes
14 were, and you end up with a final 84/5 Governor's budget.

15 The only PY differences, or actually, the only
16 authorized position differences are over in the very first
17 column there when you see SB 992, we added two -- two
18 positions were added for SB 992, two permanent positions,
19 and two permanent positions were added for power plant
20 certification.

21 That brings out new total, as you see on the PY
22 chart, to 352 authorized positions.

23 COMMISSIONER COMMONS: I have a procedural
24 question, Mr. Chairman.

25 CHAIRMAN IMBRECHT: Commissioner Commons?

1 COMMISSIONER COMMONS: I'm very confused, what's
2 before us today? What is the attempted action that we're
3 seeking, if any?

4 CHAIRMAN IMBRECHT: Well, I believe the proposal
5 is to adopt most of the proposed work plan that has been
6 reviewed by the Budget Committee and submitted by staff
7 with modifications. There have been a number of changes
8 made, and I think there are still a few items that
9 you've expressed some concern about, Commissioner Crowley
10 has expressed some concern about, and I think staff is
11 suggesting that those be put over for further resolution.

12 DEPUTY DIRECTOR SMITH: Right. In our presentation
13 we'll be highlighting the issues as have been discussed with
14 the Policy Committee, and presented to the Budget Committee,
15 plus some additional items that we've learned of recent --

16 COMMISSIONER COMMONS: We're not talking about
17 the spread sheet in terms of --

18 MR. DONALDSON: No. Commissioner, all we're
19 trying to do is just to bring us -- give us an opening.
20 I'm just giving you an overview of what occurred last year
21 and where we are right now to start.

22 CHAIRMAN IMBRECHT: This is probably the most
23 comprehensive summary of where we began, and where -- the
24 crooked path we followed, and where we finally have arrived,
25 and in effect, what the resources are that we have available

1 for allocation. The second spread sheet, the smaller one,
2 indicates what the proposed allocation of personnel is,
3 consistent with the budget, and also policy direction
4 provided by the Budget Committee, and conversations with
5 other Commissioners, and I believe these other sheets
6 reflect detailed --

7 DEPUTY DIRECTOR SMITH: Yeah, those are a summary
8 of the resources by program and activity. This is all
9 from the standpoint of providing a context for the
10 presentations that we'll be making. The presentations
11 will be issue oriented.

12 COMMISSIONER COMMONS: We're only today looking
13 at personnel, and you'll bring back before us these items
14 in terms of contracts and our operating budget within the
15 Commission, but that is not a matter before us today.

16 DEPUTY DIRECTOR SMITH: No.

17 CHAIRMAN IMBRECHT: That's correct.

18 DEPUTY DIRECTOR SMITH: We're going to review --

19 MR. DONALDSON: That's correct, it's not.

20 COMMISSIONER COMMONS: That will come back at
21 another business meeting.

22 DEPUTY DIRECTOR SMITH: Yeah. There's a relatively
23 modest amount of contract money available this year. A
24 good many of the contracts are continuing from the prior
25 year. We are going to review the total contract list in

1 the context of the program and staff allocation direction
2 that we've received --

3 CHAIRMAN IMBRECHT: The Budget Committee at this
4 juncture has not reviewed the contracts, and that will be
5 our next Budget Committee meeting. Commissioner Gandara?

6 COMMISSIONER GANDARA: Mr. Smith, as Chairman
7 Imbrecht indicated, since we haven't reviewed the contracts
8 yet, we therefore haven't also reviewed the opportunity for
9 exchange -- for relationship between PY and contracts.

10 Now for example, there is, I think at this point
11 in time, some uncertainty as to the resolution of the
12 redirection of some funds. Now, I presume that the way
13 we're proceeding is that should that require some PY
14 changes related to that, if there are new responsibilities,
15 would those be covered then?

16 DEPUTY DIRECTOR SMITH: The contracts -- right
17 now we're proposing no changes in the contracts as they
18 were moved through the budget process. So each of the
19 divisions in each of the program areas, the contracts that
20 were discussed and approved as part of the budget process
21 are being left unchanged.

22 At the same time, we know that we'll want to review
23 that contract list in light of any changes that we may
24 agree on today.

25 CHAIRMAN IMBRECHT: Okay. All those procedural

1 issues resolved, Mr. Donaldson, please continue.

2 MR. DONALDSON: Okay. How do you want to follow
3 in our presentation next, do you want to talk about the --
4 there are a couple of matters that I would like to talk
5 about that are procedural as far as the Governor's budget,
6 and if you don't mind, I'll go right into that.

7 Chairman, and members, I've had numerous
8 discussions with the Department of Finance concerning our
9 budget, and both the temporary help issue, which we'll get
10 into in a minute, and procedurally, the Department of
11 Finance is hitting us very hard to come in with our budget
12 on September 15th rather than October 1st, which we had
13 asked for an extension.

14 Our time table, as we indicated to them, that we
15 have to have both work plans and our budget through our
16 Committee's and through the full Commission. They're
17 hanging pretty tough on this item. They indicate, at least
18 the people that we deal with, that they deal with boards
19 and commissions, including big ones like PUC, and that all
20 of those departments have -- were on time last year and
21 intend to be on time this year.

22 Now, it is kind of significant, why I bring this
23 up, because that would move our time table in this
24 Commission back, and we would be coming back to you with
25 a time frame -- Thom, would you put on that overhead, and

1 I'm not going to get into this -- well, let's see if you
2 can see that.

3 DEPUTY DIRECTOR SMITH: Let me just make one
4 comment. My understanding is that in the past, Department
5 of Finance has provided an opportunity for Departments to
6 submit their budget on a staggered basis, and that was
7 part of the workload advantage with the Department of
8 Finance.

9 This year, the rules for all state agencies,
10 across the board, are a September 15th, date. So whereas
11 last year, and in prior years, our request for an October 1
12 date to provide the opportunity for public hearing was
13 mainly a matter of scheduling the Energy Commission for
14 the end of the Department of Finance's review. It would
15 be a substantial variation from the Department of Finance
16 procedure to do that again this year.

17 Our recommendation is that we simply move our
18 schedule up the two weeks, and this is the result of that.

19 MR. DONALDSON: The sense of what we would like
20 to do is just that process, move it up two weeks, that
21 would mean a couple of changes over here. We would tighten
22 this schedule up right here. We would -- this doesn't need
23 to be in here at all -- let's go to the next one Thom, and
24 I'll show you. If you'll just keep that in mind.

25 What we'd like to do is bring the BCP concept to

1 the Budget Committee in this month, rather than next month.
2 We bring them in conceptually, we wouldn't ask the divisions
3 to go through the formal process of having the spread sheet
4 on the front there, and go through all the backup detail.

5 We would take direction from the Budget Committee,
6 we would move to the draft of the Executive Office on the
7 10th. We would share the drafts with the Commissioners in
8 advance, and we would move to the final BCP's to the full
9 Commission on the 17th. That would -- let's see -- okay.

10 Between here and here is when we would share these
11 with all the Commissioners. It wouldn't be our intention
12 to go back to the Budget Committee, and that's the big
13 change right here, that's the big change. We would go
14 to the full Commission with adoption at the meeting on the
15 22nd.

16 DEPUTY DIRECTOR SMITH: And the advantage of the
17 shortened schedule that Rick's put up there is that with
18 the proposed adoption or review by the Commission at the
19 second business meeting in August, we would still have a
20 little bit of room if there were remaining issues to be
21 resolved between the 22nd and the business meeting on the 5th.

22 We do need, I think we're saying, a week of
23 production time prior to submittal to the Department of
24 Finance.

25 MR. DONALDSON: If for some reason on the 22nd,

1 we weren't able to adopt the -- at least all of the BCP's,
2 we would then at least take direction from the full
3 Commission and then be back to you at the subsequent
4 business meeting, and then that would still give my staff
5 the time we need to get them to Finance on time.

6 DEPUTY DIRECTOR SMITH: So unless there was
7 objection or redirection there, that would be our proposal
8 for the remaining part of the budget allocation process.

9 CHAIRMAN IMBRECHT: Well, what is Finance -- why
10 are they taking this hard a position on this? I mean, it's
11 obvious that they cannot consider all of these budget
12 proposals simultaneously.

13 MR. DONALDSON: They had a couple of points that
14 were well taken, and I'll just share them with you. They
15 made the point why should they give us two weeks when we
16 come in with about two-thirds more BCP's than all the other
17 departments. I said to them, well, that was last year and
18 this is this year, and there's nothing to say that there's
19 any correlation between the amount we submitted last year
20 and this year.

21 That was one reluctance on their part.

22 CHAIRMAN IMBRECHT: More time would allow us to
23 generate more proposals.

24 MR. DONALDSON: They said, why should we give you
25 two weeks more and cut two weeks out of our schedule for

1 review when you have far and away the largest number of
2 proposals that we have to review.

3 DEPUTY DIRECTOR SMITH: I think it's, sort of the
4 second side of that, at least my guess would be, and that
5 is that by agreeing to give us an October 1 date, they're
6 trimming two weeks out of their time, and their experience
7 last year was that they did that, and we came in with a
8 very substantial workload for them when they had reduced
9 their amount of time.

10 Those are -- maybe side points, not unimportant,
11 but bottom line is all state agencies are required to submit
12 a September 15th, it's advantageous for us to join them.

13 CHAIRMAN IMBRECHT: I think it's advantageous
14 to play by the rules, obviously, as we have discovered to
15 our chagrin on several occasions, but -- pardon me?

16 MR. DONALDSON: That was my point in bringing
17 this back to the Commission. We could continue to press
18 them, but you know, we probably will be going back to them
19 with some siting requests --

20 CHAIRMAN IMBRECHT: I think I'd rather ask for
21 concessions later in the process rather than at the
22 beginning of the process.

23 DEPUTY DIRECTOR SMITH: Yeah, there will be other
24 issues.

25 CHAIRMAN IMBRECHT: Is there objection to this

1 schedule?

2 COMMISSIONER COMMONS: This is a matter for the
3 Budget Committee.

4 CHAIRMAN IMBRECHT: Yeah, I agree, I really
5 don't think this needs to come before the full Commission,
6 but okay, that's fine. Let's get into the work plans.

7 DEPUTY DIRECTOR SMITH: Do you want to go to
8 your --

9 MR. DONALDSON: Sure, I'd be happy to.
10 Chairman and members, I have really just two items. I
11 have one that affects my division, and I have one that
12 we'll talk about that impacts all the divisions with regard
13 to my first item, it concerns my budget office, and I'm
14 not at this point asking for staff, I'm trying to find --
15 I'm not moving in any redirection at this point in time,
16 but the basic problem is that I need one more PY, one
17 more body, and experienced analyst in my office. We just
18 simply cannot get the budget out with the amount of staff
19 that we have.

20 We had two more experienced analysts last year
21 at this time. Now, I'm bringing this issue to you because
22 I'm trying various ways, including negotiations with the
23 Department of Finance, and CalTrans, and some others, to
24 bring experienced help into my office. If that fails,
25 then I'll be back to you with a redirection effort, but I

1 do not propose one at this time.

2 CHAIRMAN IMBRECHT: Okay.

3 MR. DONALDSON: The other item, and the item
4 that concerns the Commission as a whole is the idea of
5 temporary help. Now, as you'll recall in my presentations
6 last year, we continued to hem away at the idea that the
7 ground rules now for budgeting have changed. No longer
8 does the administration control by dollars, although they
9 do to a certain extent, the main thrust is on PY's and
10 authorized positions.

11 What that means to us is that the administration
12 is not going to allow us, be it permanent staff, or
13 temporary help, or blanket positions, or whatever you want
14 to call them, to add any more PY's to our budget. Now,
15 this impacts us substantially, because then we have to be
16 as creative as we can within the staff that we have.

17 I have at least negotiated with the Department
18 of Finance the idea that we have 352 authorized positions
19 and in addition to that, we have approximately six positions
20 for temporary help. I've got them to agree that we can
21 lump those all together and we can use those in any way
22 we can and still stay within that amount.

23 What that means is, specifically, in my division,
24 and for distribution to the department as a whole, I have
25 in my budget 4 PY of temporary help that we use as PI's,

1 permanent intermittent pool, and we share them with the
2 Commissioners, the small offices, the divisions, and the
3 staff, the various organizations on an ad hoc basis.

4 That's one issue. I would propose that we keep
5 that PI pool. However, you do have the option of not having
6 a PI pool and sharing with the divisions a larger amount of
7 temporary help. My recommendation would be that it behooves
8 all of us to keep them.

9 On a larger basis, I should share with you that my
10 staff in conjunction with the computer staff and the
11 accounting staff, are developing a spread sheet program
12 that will be computerized, that we will keep you up to date
13 as far as how we are able to make our salary savings, how
14 close we are whenever a division needs to fill a position,
15 we'll be able to tell them, to the extent that we can
16 project in the future, of course, when they can fill that
17 position, if they can fill it, how much salary savings
18 they're going to have, how much they're under or over.

19 We are probably about a week away from that
20 system, maybe a week and a half away from that system.
21 Questions?

22 COMMISSIONER COMMONS: I have two questions.

23 CHAIRMAN IMBRECHT: Commissioner Commons?

24 COMMISSIONER COMMONS: What is salary savings?

25 MR. DONALDSON: Commissioner, the salary savings

1 is the Department of Finance gives you a certain amount of
2 authorized positions. In our budget, we have 352 authorized
3 positions, but they only fund -- they fund less positions.
4 In our case, they funded 4.3 percent less, and what they do
5 is they anticipate in any department that there will be a
6 certain amount of turnover, and there will be a certain
7 amount of lag between the time that the individual leaves
8 and the time that you're able to fill those positions.

9 In anticipating this, they fund less positions
10 than you have authorization to fill.

11 CHAIRMAN IMBRECHT: Based upon historical
12 patterns, and it is something that is a part of every
13 state agency's budget.

14 COMMISSIONER COMMONS: How many people do we
15 have on board today?

16 MR. DONALDSON: Let me see, I brought that
17 personnel data down with me, let me -- we have on board
18 335 people. Let me just walk through this. We have 352
19 authorized positions. Our overstaffs are 12, we have 28
20 vacancies that gives us 335. We actually have 16 -- if
21 you ocunt the overstaffs, we'll only have 16 real vacancies.
22 In answer to your question, we have 335 bodies.

23 COMMISSIONER COMMONS: If we took this 5.9 of
24 temporary help and we allocated it back to each division,
25 I don't see the advantage, since we're working, and it's

1 hard to come up with 352, and you're really telling me
2 we only have 342 when you look at it, I don't understand
3 why we should have a special line item called temporary
4 help, and why each division shouldn't take care of their
5 own 4.3 percent. I just don't understand why the temporary
6 help would be the most important item to call out
7 separately in trying to close the gap.

8 MR. DONALDSON: Well, what it means to us is
9 that we're given -- it's very narrow, it's very tight as
10 far as how we're going to be able to control this here.
11 It does give us a certain amount of flexibility to be able
12 to add that back in and discount those as person months
13 that we can fill. In other words, we can fill professionals
14 into those positions as well if we could find them.

15 COMMISSIONER COMMONS: That was my next question.
16 If we --

17 MR. DONALDSON: Yeah, see from that standpoint,
18 it's a --

19 COMMISSIONER COMMONS: We could operate, you're
20 saying, based on 342 people, and it's actually a little
21 higher than 352 if we're running a 4.3 percent vacancy.
22 Okay, I understand the issue.

23 CHAIRMAN IMBRECHT: Okay. One thing that I think
24 needs to be pointed out there, though, if you make that
25 decision at the beginning of the fiscal year, you preclude

1 any discretionary decisions based upon unanticipated work
2 requirements within a given division, and I would argue
3 to some extent that the Executive Office needs some
4 flexibility to in effect put out fires as they unexpectedly
5 develop over the course of a year.

6 I think we all know that it's very difficult to
7 pick precisely what workloads will be, or what issues might
8 come up vis-a-vis the ER or BR that are unanticipated at
9 this juncture, and might require some backfilling in the
10 course of the year, or as relating to appliance standards,
11 or any of a dozen other issues.

12 COMMISSIONER COMMONS: I have a lot of faith in
13 both our Executive Office and our Budget Committee, and
14 that's why we have the work plan revisions where we have
15 the capability, I think, of addressing those very rapidly
16 without having a pool which is hard to identify, and not
17 working under the Division/Executive Office responsibility.

18 I think it actually would be more efficient to
19 have the Budget Committee with the Executive Office working
20 and making those types of adjustments as we go through the
21 year, rather than having a pool of people that --

22 CHAIRMAN IMBRECHT: But if you don't have any
23 pool to make the adjustments from, I mean, the point is,
24 you know, in the course of the year, if you've already
25 allocated out all of those positions, then you've in effect

1 tied their hands.

2 COMMISSIONER COMMONS: Well, we're essentially
3 saying we have 5.9 sluff.

4 CHAIRMAN IMBRECHT: Well, floating positions that
5 allow some discretion to backfill where there are needs as
6 they develop during the course of the year. If you
7 allocate them out to the divisions at this juncture, you've
8 greatly constrained that discretion, and you know, the
9 issue becomes, is it rational to allocate them on the
10 basis of pro rata distribution or something of that nature,
11 when in fact, you know, there are some divisions that have
12 greater workload fluctuations, or potential for fluctuations
13 during the course of the year.

14 I think the general feeling is that if you
15 examine the budget processes, or practices of most agencies,
16 they don't allocate temporary help positions out at the
17 beginning of the fiscal year.

18 COMMISSIONER COMMONS: Well, the other problem
19 I have with it --

20 CHAIRMAN IMBRECHT: And that's accurate statement,
21 I believe.

22 DEPUTY DIRECTOR SMITH: Mr. Chairman, yeah, I
23 would also add here that it's also correct that there's a
24 capability to accomplish clerical work right now with the
25 temporary help position in that pool. That's quite important

1 to the General Counsel's Office. It's quite important to
2 getting our reports, any number of peak workload items out

3 CHAIRMAN IMBRECHT: With the siting workload
4 increasing, and the voluminous number of documents that
5 have to be produced in the context of a siting case, I've
6 been aware of this last year, I mean, there have been times
7 when we've had to focus people in to meet statutory and
8 regulatory deadlines as well. So I'm -- anyway, I don't
9 want to --

10 COMMISSIONER COMMONS: I just never heard it
11 coming before the Commission as to this temporary help,
12 and process and allocation. Since I've been on the
13 Commission, one of the things I have pushed for is knowing
14 what our work plans are, and knowing what people are doing,
15 and being definitive rather than general, because I think
16 the way we get our best product is knowing what we're
17 doing, we approve it, and then the Commission moves ahead
18 in that direction for the course of the year under the
19 Budget Committee's supervision where we can make modifica-
20 tions on a quarterly basis.

21 I'm just against slush funds.

22 CHAIRMAN IMBRECHT: Okay. Further comments,
23 Commissioner Gandara?

24 COMMISSIONER GANDARA: Yes. I just wanted to ask
25 a question with respect to the temporary help, or the

1 possible use of that. One of the problems that I think we
2 have come up with in the past year or so has been telephone
3 coverage for the Commission as a whole, one central number,
4 or there used to be a time when we used to have a
5 Commission receptionist, and when that went by the wayside,
6 there still was a situation where there was more staff in
7 the individual Commissioners offices.

8 I don't know what it's like for the other
9 Commissioners offices, but at least over the past year,
10 we've been in a situation where if my secretary is in the
11 xerox room, or is someplace else, then the phones are
12 ringing unless she sort of -- there's a call forward, and
13 I think the secretaries have all tried to help each other
14 out by trying to cover for each other, but I think sometimes
15 those call forwards wind up on my desk, and then there
16 may not be somebody there temporarily.

17 So it's quite interrupting when you're in the
18 midst of meetings and you're answering these phones. Then
19 I have also heard feedback from people who have tried to
20 call in and have not been able to get anybody, you know,
21 during the lunch hour, and so forth, or shortly after 5:00
22 or whatever, and I seem to recall, we used to have
23 coverage from about 7:30 in the morning to 5:30 in the
24 afternoon at one point in time.

25 Are we in a situation where we might again be able

1 to address the issue of having one central number, one
2 central Energy Commission receptionist? If not full time,
3 at least during times when other people are off. I don't
4 think -- I think the situation is livable, but it really
5 does not, I think, serve the public well to try and reach
6 the Commission and be confused about which office is
7 picking up the phone, or which one has been call forwarded,
8 and so forth.

9 DEPUTY DIRECTOR SMITH: It's a need that we're
10 aware of, and Executive Office, Administrative Services
11 are focusing on that issue right now. I don't have a
12 solution to share with you at this point, but I certainly
13 appreciate the --

14 COMMISSIONER GANDARA: I guess my question is,
15 since we -- is temporary help, since we have this discretion
16 to use it, I think with the overall umbrella --

17 MR. DONALDSON: Actually what's occurring is that
18 we are using temporary help. We're still in the process of
19 working with the Executive Office to iron out a permanent
20 solution, but what we're doing now is that we have one of
21 our PI's, permanent intermittents that is funded under
22 temporary help, is assisting in publications, and
23 publications is handling all of the phone calls.

24 What occurs is if they get very busy and
25 including their breaks, et cetera, they switch it to the

1 tape, and when the tape -- if they can't get back to that
2 tape in time, the tape overflows, and hence, that's the
3 phone calls you receive. So we're continuing to work on
4 it, that's not our permanent solution anyway. That was
5 the interim solution, but we are using temporary help, and
6 they do handle the bulk of the phone calls. They handle
7 about 30 to 35 phone calls a day off of that line, and the
8 ones that you get are -- after they've handled that, and
9 are working on the stations and it goes to the tape, and
10 unfortunately --

11 CHAIRMAN IMBRECHT: Needless to say, I generally,
12 share Commissioner Gandara's concern about this. It's
13 been identified for you, and I'd just suggest focus on
14 trying to come up with some resolution.

15 MR. DONALDSON: Right. We hadn't anticipated
16 that that would be the permanent solution, so we're -- you
17 know --

18 CHAIRMAN IMBRECHT: I also have thought about
19 this, just because of the layout of the place, it says
20 publications, but I think it might be interesting to
21 change the sign, to put information over there as well.
22 I think when people walk in off the street, they should
23 have someplace -- that's the only logical place, and it's
24 clearly visible, and so forth.

25 Commissioner Commons?

1 COMMISSIONER COMMONS: I have one other broad,
2 general concern, that is, as we go about, we approve a
3 work plan and then what happens is we have this overstaff
4 which we go and allocate to something often, that we
5 haven't even approved, and we have a large number of
6 vacancies, so work that's been approved doesn't occur.

7 I will not vote for a work plan unless the policy
8 is that any overstaffs are to be working in areas within
9 the approved work plan.

10 DEPUTY DIRECTOR SMITH: I think to a large extent
11 the work plans that we're preparing reflect the use of the
12 existing staff. Now, there are times when there is a
13 priority decision, or direction from a Committee to put an
14 emphasis on work that doesn't match the skills of the
15 staff that are the overage in a particular division or
16 office. So we do end up with a need management problem
17 which is matching the skills to the priorities.

18 But as these work plans are proposed by the
19 divisions and by staff, they do recognize the ability of
20 people that are there, including the people in the blanket.

21 COMMISSIONER COMMONS: Yeah, well, I don't want
22 to get into how serious this problem was during the
23 last year, but the whole area where we did not do what we
24 said we were going to do, and there are a whole bunch of
25 other areas which we never said we were going to do and we

1 did.

2 DEPUTY DIRECTOR SMITH: Right.

3 COMMISSIONER COMMONS: And it's totally unaccep-
4 table as far as I'm concerned, and the argument that you
5 made is the argument that's used, and generally, I don't
6 think it holds much water, and if we have that problem, I
7 will come back and modify the work plans.

8 We approve a work plan because that's the work
9 we're supposed to do. What we don't do is approve work
10 plans and then go put people to work on other things, that's
11 not management.

12 DEPUTY DIRECTOR SMITH: I think in most cases,
13 even over the past year, when we were reducing staff, some
14 150, you know, we had identified the problem of excess
15 staff, skills mix, early in the process, but there had been
16 a feedback loop with the Policy Committees so that at least
17 hopefully, there were relatively few surprises as we went
18 through the process.

19 But there's just a factual element here, and that
20 is that if you need economics work done, and there isn't
21 an economist, that work is going to be deferred. There's
22 an element of the skills match where there isn't the
23 flexibility, regardless of management intent, or Committee
24 direction.

25 COMMISSIONER COMMONS: There's a difference between

1 deferring and doing nonapproved work.

2 CHAIRMAN IMBRECHT: Okay, I think that the points
3 have been made. Let's go on with the presentations please.

4 DEPUTY DIRECTOR SMITH: All right. The next area,
5 and basically we're going to take these in the order of
6 the programs, the regulatory and planning program, the
7 siting division, and as we've mentioned, the substantial
8 challenge we're facing here is with rapidly increasing
9 siting workload. Ross?

10 MR. DETER: Thank you. Ross Deter. As you can
11 see on the chart on the wall we had 53 person years
12 allocated to the division to do power plant siting work
13 in the 84/85 fiscal year. Two person years of that 53
14 person years, 34.6 is allocated to power plant siting
15 applications. Two person years was allocated to the
16 siting and permit assistance program, which was the SB 992,
17 which was mentioned earlier by Rick; 3.1 is for planning
18 an analysis.

19 That 3.1 is to support the Assessments Division
20 in analyzing the environmental impacts of the utility
21 resource plans for the Biennial Report/Electricity Report.
22 Then finally, 13.3 for management and clerical support
23 within the division.

24 The 34.6 person years allocated to our power
25 plant siting program will allow us to review approximately

1 seven power plant siting applications, and do -- assure
2 compliance of the Commission's past power plant siting
3 decisions, and there are 13 power plant cases that have
4 been licensed by the Commission up to this point in time.
5 So we have varying levels of degree of work on those cases.

6 We do have a problem, and I think I gave you a
7 copy --

8 COMMISSIONER COMMONS: Excuse me, Ross. Do you
9 have a copy of the work plan, I don't have a copy here of
10 your division's work plan.

11 MR. DETER: I do not have a copy with me, I'd
12 be happy to give you a copy.

13 DEPUTY DIRECTOR SMITH: As we've discussed
14 recently, those detailed work plans, as they were originally
15 submitted, have been available to Commissioners offices,
16 and I believe your office had taken advantage of the
17 availability in the case of Development, Conservation and
18 Assessments.

19 I believe there hadn't been a request for the
20 Siting, I'd be happy to make it available. I should also
21 caution here now that what we have available are the work
22 plans as originally submitted to Executive Office, and
23 what we're proposing to do is based on the discussion and
24 direction we receive today is to modify those so that the
25 ones that will be available to reflect the decisions that

1 are being made, and the presentation made to Budget
2 Committee will be available in say 10 days to 14 days.

3 CHAIRMAN IMBRECHT: One thing about this division
4 is, I mean, it's about the most clear cut in the context of
5 allocation of personnel, because it's based upon workload
6 standards per application. I can also tell you that by
7 virtue of the problem that Ross is about to describe that
8 we'd probably spend more time going over this one, and
9 making a case, as well as presenting that case to agency
10 and subsequently the Department of Finance and ultimately
11 the administration for augmentations.

12 Those allocations-- I mean, it's obviously
13 available to you, but as I say, it's pretty clean and clear
14 cut, it's X personnel for each siting application
15 predicated upon the type of project involved, the
16 complexity of the location and those types of things.

17 MR. DETER: As the graph on the --

18 CHAIRMAN IMBRECHT: In fact one other item,
19 Commissioner Commons, yesterday there was distributed to
20 Commissioners offices a memorandum or letter which I sent
21 to Secretary Van Vleck detailing and outlining some of the
22 detail, what the problems are, what proposed solutions are
23 and so forth.

24 You'll find included within that package a
25 specific allocation of personnel by siting case, as well as

1 the anticipated workload for those applications that we
2 expect to be filed in the near term. So I think that will
3 also answer your questions on that. I think if you read
4 that, that's probably going to give you the best explanation
5 of all about the siting workload.

6 COMMISSIONER COMMONS: If Ted had been first, or
7 whoever had been first, I was going to ask the question,
8 because if we have 53 people, I don't know what we're going
9 to end up being asked to support, 13.3 people in management,
10 or are we approving the work plan.

11 So I'm asking the broad question, and --

12 DEPUTY DIRECTOR SMITH: The request today is
13 based on the presentations on the overview of the divisions
14 activities, and recognizing that what's being presented has
15 been discussed with Policy Committees and presented to the
16 Budget Committee. What we're asking for is concurrence with
17 the resolution of issues presented to the Budget Committee.

18 With that direction, we will modify the detail
19 and make the detail available to you. So I appreciate your
20 interest in the time lines, and the tasks, and the work
21 that makes up the totals that we're displaying, but right
22 now, what's available is out of date because it doesn't
23 reflect the discussions that have taken place.

24 So what we're propsoing is to receive that
25 direction, and then make the changes.

1 COMMISSIONER COMMONS: Well, then, are you coming
2 back to the Commission for approval at a subsequent date
3 when you have a package for us?

4 DEPUTY DIRECTOR SMITH: What we're proposing to
5 do is make the detail available to Commissioners offices.
6 If there are issues or concerns, we would try to resolve
7 those. If we can't resolve them, and there's an issue that
8 needs to be resolved by the full Commission, we would bring
9 that back.

10 CHAIRMAN IMBRECHT: Ultimately, we each have an
11 obligation, I mean, we send our advisors to meetings to
12 gather -- get briefed by your advisor as to what occurred.
13 The whole purpose of that in Committee meetings is to
14 reduce the amount of time we spend in full Commission
15 meetings discussing some of these issues.

16 If, in effect, what you're asking for is the same
17 kind of detailed discussion as occurred in the Budget
18 Committee, then there's really no point in holding a Budget
19 Committee meeting on these issues. We might as well do it
20 all right here in the full Commission.

21 COMMISSIONER COMMONS: I'm not asking for the
22 detailed discussion in the Budget meetings. My adviser
23 when to the Budget Committee meeting, got one document, and
24 my understanding is the document has been substantially
25 changed, and all I'm asking for is information so I know

1 what we're talking about. I'm not asking for a discussion,
2 I'm trying to find out what it is we're voting on.

3 DEPUTY DIRECTOR SMITH: Commissioner Commons,
4 I believe that --

5 COMMISSIONER COMMONS: And 53 people on four lines
6 is not a work plan.

7 DEPUTY DIRECTOR SMITH: I believe the changes
8 that were being described are the changes that we discussed
9 with your office over the last couple of days.

10 CHAIRMAN IMBRECHT: Have there been any changes
11 in the siting? Siting there are no changes, are there?

12 DEPUTY DIRECTOR SMITH: I believe that there were
13 no changes in siting, that we're dealing with changes in
14 conservation.

15 CHAIRMAN IMBRECHT: Let's take these divisions
16 by division and adopt them as we go through. There have
17 been some changes elsewhere to reflect concern. Siting,
18 as I said, is pretty clear cut, and I don't believe there
19 have been any changes in the Budget meeting, is that an
20 accurate --

21 MR. DETER: Yes, that's correct. The allocations
22 that I showed on the first chart are what we anticipate --
23 we intend to spend for those particular areas. As I
24 mentioned earlier, we do have a problem in power plant siting
25 cases, if in fact, power plant siting applications come in

1 as we currently expect, this chart shows what our workload
2 will be and also shows what our available staff will be.

3 Now, this chart is just for the division only.
4 Let me give you some numbers for the full Commission which
5 includes the Assessments Division and the legal office as
6 well. The approved budget for the power plant siting
7 program for the Commission as a whole was 41.7 person years.

8 If the cases come in as expected, our peak workload
9 will be about 87 person years next May. The average budget
10 deficit is about 27 person years. We have put together a
11 request, as Chuck mentioned earlier, we sent it over to the
12 Resources Agency, and we basically described to them the
13 problem that we are facing, and we requested that they
14 augment our budget, the Commission's budget for the power
15 plant siting program, up to what the average person year
16 needs would be for the next five years.

17 That turns out to be an additional request of
18 about 22.3 positions, and we also requested \$2 million to
19 handle any peak workload above that level. Our indications
20 are from the Resources Agency at this point are favorable,
21 and that's where we're at as far as this is concerned.

22 COMMISSIONER CROWLEY: And this is a request for
23 help in the three areas, not just siting division, is that
24 correct?

25 MR. DETER: That's correct, it would be a request

1 for help for ourselves, for legal office, and for Assessments.

2 COMMISSIONER CROWLEY: Thank you.

3 MR. DETER: Yes, it would cover the entire program.

4 CHAIRMAN IMBRECHT: As a point of information as
5 well, Ross and Rick and I met with Secretary Van Vleck and
6 his deputy, Terry Egan and Hal Oris, the budget officer for
7 agency on Monday and went over the problem and the proposed
8 solution in some depth, and they have agreed to support our
9 recommendation with the Department of Finance and the
10 administration.

11 MR. DETER: If there's any questions, I'd be
12 happy to --

13 COMMISSIONER GANDARA: Yeah, I do have some
14 questions. I unfortunately find myself somewhere between
15 Commissioner Imbrecht and Commissioner Commons here, not
16 just geographically, but somewhere with respect to this
17 information here.

18 I think Commissioner Commons raised an issue of
19 procedure, not so much the substance of what you were
20 presenting, and I think that had to do with perhaps getting
21 to view in a more direct fashion some detail. Now, I sat
22 on the Budget Committee, and I was privy to the discussion,
23 and enriched by the discussion, I understand, a bit more
24 your presentation here.

25 But I think that were I not to have been there, I

1 probably, you know, would have expressed some of the same
2 concerns. I know that over the past couple of years, we've
3 gone back and forth with being provided, you know, volumes
4 of documents of work plans, and then saying, well, no,
5 that's too much, reduce it in some other way.

6 But I think there is a common issue that can be
7 reached here, and I think probably would be helpful whether
8 we settle on how we're going to resolve this issue of work
9 plans, because again, maybe I have a bit of a misunderstanding.

10 My understanding was that we were going to get --
11 this is a presentation we've been postponing now for about
12 two or three business meetings.

13 DEPUTY DIRECTOR SMITH: No, at the last business
14 meeting, the Commission directed that we make that presenta-
15 tion to the Budget Committee. We did that at the first
16 Budget Committee meeting, I believe it was about two weeks
17 ago, then we followed that with --

18 COMMISSIONER GANDARA: My recollection is correct
19 then. It is -- you know, this is the first time the
20 Commission has had this presentation, and whether the
21 Commission, you know, said to the budget Committee, you
22 know, you listen to it or whatever, but I think this is
23 something that was scheduled for two or three business
24 meetings, then rescheduled, and the reason I raise that is
25 because my recollection of the process that was outlined to

1 me at some point in time was that there was going to be a
2 presentation of a general nature, both of where we've been,
3 where we're going, and getting some feedback to the staff
4 to find out what it is that we should do.

5 Then at some point in time after that, it was
6 going to be work plans, and work plan approval.

7 DEPUTY DIRECTOR SMITH: The presentation you
8 just mentioned in terms of where we've been and where we're
9 going was scheduled for I believe the last business meeting.
10 The direction was to not make the presentation there, but
11 to make it instead to the Budget Committee in lieu of
12 making it to the full Commission.

13 CHAIRMAN IMBRECHT: That was when everybody had
14 planes to catch, and so forth, and then we had --

15 COMMISSIONER GANDARA: Yes, I remember that.

16 CHAIRMAN IMBRECHT: And then two weeks ago we
17 had this -- the budget meeting before last, that presentation
18 was made, and that was basically a summary of the fiscal
19 year just completed.

20 COMMISSIONER GANDARA: Well, the reason I was --

21 CHAIRMAN IMBRECHT: The last Budget meeting was
22 a presentation of the upcoming fiscal year.

23 COMMISSIONER GANDARA: Well, the reason I relate
24 this confusion is because I, myself, was not aware that
25 the work plans in a more detailed fashion were available

1 until recently, because I had thought that this sort of
2 first look of where we've been and where we're going was
3 something in anticipation of the work plans that were
4 going to be submitted. Okay, so that is the confusion.

5 DEPUTY DIRECTOR SMITH: No, the detailed work
6 plans were done, and submitted, I believe July 2nd, and
7 some Commissioners offices have taken advantage of that.

8 COMMISSIONER GANDARA: Okay, that makes my point,
9 because on July 2nd, you know, frankly when this -- the
10 presentation that was delegated or assigned to the Budget
11 Committee last time around was originally scheduled in June,
12 not July 2nd, you know, prior to July 2nd, prior to when
13 work plans were available.

14 So anyway, the only point I'm making is that I
15 think that there is some reasonable confusion for all
16 parties here, and that there are varying degrees of interest
17 here in the detail, and that I sort of find myself in the
18 in-between position of having a bit more richer background
19 because of having been on the Budget Committee proceedings,
20 but also, you know, that I can understand the confusion
21 that can occur.

22 I do have some specific questions on the program,
23 because I was not at the last Budget Committee hearing, and
24 at least the materials that were provided in summary fashion
25 you know, indicated that at least an area where I was

1 concerned about, which had to do with an issue I brought
2 up of review of our siting regulations, and that had two
3 components, that had a component of a review of the siting
4 regulations with respect to just more general cleanup and
5 addressing some of the problems that we've seen in Geysers
6 21, and also in GPPL, and then it had the other additional
7 component of issues that I have raised with respect to
8 jurisdiction of power plant size, and enforcement, and
9 so forth, and I've written you all a memo on that.

10 The indication that I got from the materials for
11 the last Budget Committee meeting was that work on siting
12 regulations was going to be included, but it wasn't specific
13 as to whether those two components, or only one of those
14 two, or what was going to be included, can you clarify that?

15 MR. DETER: Yes. As a matter of fact, we just
16 had a meeting with the Committee, the Siting Policy
17 Committee yesterday afternoon, and we have identified, I
18 think it's about a 10 page list of issues, and in that list
19 of issues, we have identified which issues we will address
20 in the near-term, which issues we will address in a longer
21 term, and which issues we feel will not be addressed at all.

22 All of the items that you raised in that Committee
23 meeting are listed there. I -- basically, we will revise
24 the regulations when it deals with fairly simple language
25 change, and a couple of key items. Some of the ones that

1 require a substantial amount of staff work will be deferred
2 until the second phase. The -- Commissioner Commons as the
3 Chair of that Committee will be sending out the list of
4 issues to the other Commissioners to get their input on
5 what should and shouldn't be considered.

6 COMMISSIONER GANDARA: Okay. In that same package
7 provided to the Budget Committee, it was indicated a
8 prioritization, and it said in accordance with the Policy
9 Committee feedback, that the emergency siting regulations
10 and the reimbursement policy look at possible regulatory
11 activity would not occur, and I believe that my recollection
12 of the discussion was that I felt that the general siting
13 regulations, the ones that we just talked about were most
14 important, and that I still feel, as I've always felt, that
15 we should address the emergency siting regulations, but on
16 the other hand, I think given reasonably, what our staffing
17 is, that that could be put on lower priority.

18 I didn't indicate that it should be cut off, I
19 just said lower priority. But I think on a higher priority,
20 and in-between those two is in fact a reimbursement siting
21 issue, and I think Commissioner Imbrecht and I still have
22 to have a discussion about that.

23 But I haven't read in detail the document that
24 went over to resources, and so I don't know whether part of
25 the request for resources included any work in this area.

1 But I am beginning to feel that of course, this depended
2 upon the GPPL Committee deliberations, that inescapably,
3 we're going to have to do some work in that area.

4 So, again, since the document was sent over --
5 it's a very good document, and I compliment the staff for
6 the very thorough work that they did in that, but I -- since
7 I was not in on it, I don't know whether that could have
8 been included, or whether it was something that could be
9 addressed in a different manner.

10 But it does seem to me that again there does
11 appear to be inescapably some way that we're going to have
12 to address that reimbursement policy. Again, it may not --
13 that's my feeling, but that depends on the output of the
14 GPPL Committee deliberations. So that's an area here --

15 CHAIRMAN IMBRECHT: That's one of the options,
16 and we obviously need to discuss it. One of the options,
17 though, is to make that, in effect, precedential vis-a-vis
18 reimbursement issues, and try to resolve it in the context
19 of GPPL, and then indicate that that represents a guideline
20 for future resolution of these matters. That might be
21 one way to --

22 COMMISSIONER GANDARA: Well, I've been reluctant
23 to get into it with respect to the Budget Committee issues,
24 or here at the Commission, because frankly, I don't know
25 where we are on the ex parte contact, you know, given it's

1 out staff, and it's a budget issue of whether the Committee
2 should deal with that differently. But I think once the
3 Committee makes up its mind and has a proposal, then that
4 might be appropriate then to get into more detail.

5 But again, I'm interested in that, and I think
6 that that's still below the threshold of what you feel that
7 you're going to address, I would raise that as a possible
8 concern.

9 COMMISSIONER COMMONS: Let me -- Commissioner
10 Crowley, help me on a recollection, since we had about 100
11 items that we worked on. On the emergency regulations, my
12 recollection was we broke it into two parts. There was a
13 short version which would give this Commission the ability
14 to site power plants as an emergency, and a general overall,
15 which we included in those that would be done within this
16 time frame, and the second time frame, having a detailed
17 siting procedure for the emergency, we put that into the
18 second time frame.

19 On the issue of -- and this is our suggestion as a
20 Committee to the Commission. The issue on the repayment
21 one, my recollection is that was a very important issue,
22 but it required a fairly substantial amount of time, and
23 we put that in phase two, or I'm not sure on that, do you
24 remember Ross, or Commissioner Crowley?

25 MR. DETER: I believe that the reimbursement

1 issue was put in phase two based on the amount of resources
2 we felt we would need to do it. That, of course, is
3 subject to change of the Commission as far as priorities
4 are concerned. Secondly, if we do get augmented, the
5 budget, there will -- we will always be -- have vagaries
6 in our schedules, we'll have peaks and valleys in our
7 schedules, and that's an item that we can probably pick up
8 with either overtime, or with some of the dips in our
9 schedules.

10 COMMISSIONER COMMONS: On the gross size, and
11 there's a number of related issues, you can change the
12 gross size, you also have to look at our SPPE process, and
13 there's -- John Chandley had a number of issues related
14 thereto and this is an area where it appeared we had a
15 real immediacy of a problem, and strong Commissioner
16 interest, and then we put this in the top time frame.

17 The problem that we have here, we'll get into
18 when we go into the legal counsel -- the availability of
19 legal counsel's office to assist us.

20 Generally, with the one exception that you
21 mentioned on the reimbursement, what you were talking about
22 in terms of having done was put into the immediate area
23 and over half of the items identified were put, maybe two-
24 thirds of them.

25 My question following up, though, what you were

1 saying is do we have any PY allocated to do this function?

2 MR. DETER: We have -- we will do the function
3 within the division. Most of the majority, as I talked
4 about yesterday in the Committee, the majority of the work
5 at this point in time is legal work, and so the legal
6 people -- we spent probably about nine person months on this
7 project last fiscal year before we had these siting cases
8 in, so we have a substantial amount of the conceptual work
9 already completed.

10 The next major step is for the attorneys, or for
11 the legal office to take the work and put it in the proper
12 language for the regulations, and that will, of course,
13 require us working with them somewhat, but -- and we feel
14 we have the resources to be able to do that.

15 COMMISSIONER COMMONS: Is it called out in the
16 budget as a line item? The one thing I don't want to see
17 happen is that I can't come back to the Commission in six
18 months, and we're holding a hearing, and we run into a
19 problem here, and there is no place in the work plan that
20 shows that we have six-tenths of a PY, or whatever. Is
21 it a line item?

22 MR. DETER: It is not an item called out with
23 specific person years that adds up to the 53 person years,
24 because I've allocated all of my resources in my power
25 plant siting program to analyze siting cases. Now, if I

1 were perfect, and every one of those numbers added up to
2 exactly what we were going to spend, I could probably do it.
3 But if I'm within 10 percent, I'm going to be okay.

4 This is a task that basically is going to be left
5 to myself, and to Bob Therkelson who is the Manager of the
6 Siting Office to do, and you know, we will commit to do that,
7 to work with the attorneys to get these regulations put
8 together.

9 MR. CHAMBERLAIN: Commissioner Commons, in response
10 to your question, in response to the Budget Committee's
11 direction, we did go back and revise the initial work plan
12 that we had, and we added specific resources in to do this
13 job in our office.

14 COMMISSIONER COMMONS: Because we are about a
15 year behind, and I don't feel hurt that we're behind,
16 because I think we have some real important substantive
17 issues that we've only recently found out about that need
18 to be incorporated. But I would feel uncomfortable, and
19 I think all of the Commissioners would be uncomfortable if
20 we don't address some of the really substantial problems
21 on our siting regs.

22 MR. CHAMBERLAIN: We recognize that.

23 MR. DETER: The other thing is, as you know, our
24 budget is very fluid, our work is very fluid, because the
25 siting case schedules change continually, so what we do is

1 we put together a monthly budget for work that we expect
2 in the forthcoming month, and this is a line item in that
3 budget.

4 COMMISSIONER COMMONS: I can't answer -- you know
5 as much now as I do.

6 CHAIRMAN IMBRECHT: Okay, moving right along.
7 Any further questions or comments relative to the Siting
8 Division?

9 DEPUTY DIRECTOR SMITH: Next we'd like to review
10 issues, an overview of Assessment Division.

11 CHAIRMAN IMBRECHT: Do you want to take a luncheon
12 break?

13 COMMISSIONER COMMONS: I need one, personally,
14 I think.

15 CHAIRMAN IMBRECHT: All right. And we've got an
16 executive session as well, do you want to do that? Mr.
17 Chamberlain, how long do you expect the executive session
18 will take?

19 MR. CHAMBERLAIN: Fifteen to 20 minutes.

20 CHAIRMAN IMBRECHT: All right, let's go to
21 executive session now, and then we'll break for lunch at
22 12:30 and come back at 1:30. All right? We'll meet here
23 in the small conference room and hear the rest of the work
24 plan at 1:30.

25 (Thereupon the business meeting was recessed for
lunch at 12:15 p.m.)

AFTERNOON SESSION

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2
3 CHAIRMAN IMBRECHT: The meeting will come to
4 order. Geoff has -- excuse me, Commissioner Commons has
5 another question on siting for the Executive Office.

6 COMMISSIONER COMMONS: There was something about
7 we submitted something to finance for augmentation on our
8 budget.

9 CHAIRMAN IMBRECHT: Yes.

10 COMMISSIONER COMMONS: I was just getting -- I
11 was a little slow this morning.

12 CHAIRMAN IMBRECHT: I'll answer that, if you'd
13 like, and then --

14 DEPUTY DIRECTOR SMITH: Yeah. That material I
15 believe went through Resource Agency to the Department of
16 Finance.

17 CHAIRMAN IMBRECHT: That's what I made reference
18 to this morning.

19 COMMISSIONER COMMONS: I thought that if we do
20 something on our budget that it comes to the Commission,
21 that's the first I've ever heard of it.

22 DEPUTY DIRECTOR SMITH: I think the issue of
23 staffing in Siting Division was identified in the budget
24 process last year, again at March change, and again as we've
25 worked through the Legislature.

1 CHAIRMAN IMBRECHT: If you recall, when we
2 discussed what we received in March change, and I recall
3 as I reported this at the time, the agreement was to give
4 us 2 PY additional in siting at that time with the
5 understanding that if the workload in siting increased to
6 the level of our expectations that we would be resubmitting
7 to Finance as expeditiously as possible to meet those needs,
8 and that was the agreement that was struck in discussions
9 between the Director of Finance and the Governor's Chief of
10 Staff, and myself, and Mr. Ward all in attendance.

11 As a consequence, at the Budget meeting last week,
12 when Ross identified the fact that we had received the C&H
13 application, I believe it is, that that had consumed the
14 total budget allocation, that we then proceeded to analyze
15 what additional was necessary, and also with the recognition
16 that we are short on time, if we're going to get something
17 out of the Legislature in August, we've obviously got to
18 get Finance and administration sign-off prior to that time,
19 and then find a bill to attach the appropriation to.

20 COMMISSIONER COMMONS: Well, I don't find
21 anything --

22 CHAIRMAN IMBRECHT: The time was genuinely of
23 the essence, and --

24 COMMISSIONER COMMONS: I find nothing in terms
25 of the motivation, you know, I find no problem there. I

1 just -- you know, I'm into this model on freight, this is
2 my thing this week, and if I had reached an agreement with
3 some people, I think the other Commissioners, before I
4 would go and talk and try to get an increment of 5 PY for
5 that area, that there would be others who would have
6 concerns saying that we could only go to the barn so many
7 times on so many --

8 CHAIRMAN IMBRECHT: Let me stress something. This
9 was discussed at the Budget meeting, Commissioner Commons.
10 Your adviser was in attendance when this was presented, and
11 the full explanation of what actions were to be taken were
12 discussed at that time. Mr. Deter indicated at that time
13 that he would have a draft summary of the analysis.

14 I just-- I mean, I've really got to stress that
15 when you've got your adviser present, you've got to get
16 briefed by your adviser on what happens in these meetings.

17 COMMISSIONER COMMONS: Well, the question is --

18 CHAIRMAN IMBRECHT: I don't feel an obligation to
19 come around and explain to you a second time what has already
20 been explained to your adviser.

21 COMMISSIONER COMMONS: If the Commission wants to
22 delegate to the Committee, you know, the ability, for
23 example, to increase -- a recommended increase in our
24 budget of 1, 20, or 40 PY, if that would be the wish of the
25 Commission to do so, it gets down to what is the authority of

1 the particular Committees.

2 I have always thought, like I brought this
3 morning, back to the Commission some areas on some of the
4 Committees I'm dealing with, feeling that all my responsi-
5 bility on the Committee is to follow the policy guidelines
6 established by the Commission, and I've tried to interpret
7 that in a narrow perspective so that in case some of the
8 ideas that I have, which sometimes have not been the
9 prevailing viewpoint of the Commission, that it's my job
10 to carry out the will of the Commission.

11 In the instance that we're talking about here,
12 I am sure that all of the Commissioners are in support of
13 the application, or I would assume they are, and that it's
14 reasonable. The question is the process question in terms
15 of how do we operate, what is the authority of the
16 Committee, do we increase, or augment our budget by going
17 through -- see all budget decisions that have ever been
18 made on this Commission since I've been here have always
19 been brought to the Commission.

20 This is the first instance that I know of --
21 clearly, everyone is -- the intent of everyone on this is
22 clearly positive, and contributing.

23 I guess the only thing I'd like to say, I would
24 like to ask, because the Budget Committee is also the
25 Administrative Committee, and it's also been a sensitive

1 area with you, is that we try to get a better definition or
2 understanding of the role of the Committees, and the
3 ability to operate, like you're saying, where we have a
4 time pressure, if we notify people, or how we can do some-
5 thing, so that we can execute our business in a positive
6 foregoing fashion rather than halting it.

7 But we should have an understanding of what it is,
8 and I think we have not a clear understanding. So what
9 I'd like to do is just pass the matter back to the
10 Administrative Committee and see if we can get guidance
11 in terms of the role of Committees.

12 CHAIRMAN IMBRECHT: Well, I just -- I will offer
13 this one concession. I will tell you in some instances, I
14 think I have a certain obligation as the Chairman to move
15 expeditiously on these kinds of things, particularly when
16 there has been notice provided to each office by virtue of
17 attendance of all advisers at the meeting, and that meeting
18 was a well attended meeting, I might add.

19 We can strangle ourselves with process as well
20 at times. It's hard for me to imagine, you know, and I can
21 also assure you that if there were any perception of the
22 issue that were controversial, or had there been any
23 objections raised during the course of those discussions
24 or subsequently to them, we would have brought it to the
25 full Commission prior to taking action.

1 If you want to know, the fact of the matter is
2 I was informed that the Governor's Chief of Staff was
3 leaving on vacation on Monday, as was the Deputy Director
4 of Finance, and in order to move this issue to the top of
5 the pile, we had to get cracking is what it boiled down to.

6 That's exactly the reason that the actions that
7 were taken occurred, and finally, that Secretary Van Vleck
8 was also going on vacation on Monday. So we scheduled the
9 meeting as expeditiously as possible, and also, I was on
10 the horn immediately at the conclusion of the meeting on
11 Thursday, alerting Mr. Merksamer as to the difficulty, and
12 the fact that it was essential that we have an opportunity
13 to discuss it.

14 COMMISSIONER COMMONS: Well, I just want to make
15 two small comments in closing. First of all, I think the
16 Commission should ratify at the appropriate time, the
17 augmentation, I think that's appropriate.

18 Second is, I'm looking at this as something that
19 we've done in this instance, it's not a precedent until
20 we clarify what the roles of the Committees are in this
21 area.

22 CHAIRMAN IMBRECHT: Okay. Moving right along,
23 on to Assessments.

24 DEPUTY DIRECTOR SMITH: Thom?

25 MR. KELLY: The kelly green slide indicates the

1 allocation --

2 (Laughter)

3 MR. KELLY: -- of PY in the Assessments Division
4 proposed for the coming year, or the current year. The
5 allocation at the start of the year was 80 divided among
6 the different elements. The systems element, with
7 electricity, resource planning essentially with 21, demand
8 forecasting 24, fossil fuels assessments 20, and technology
9 assessments at 11.

10 During the work plan process, we are part of this
11 noble experiment where responsibility for contingency
12 planning is moving from the Conservation Division, along
13 with appropriate resources, to Assessments Division. We
14 could star that, because it's still considered to be part
15 of the conservation program, not the assessments regulatory
16 and planning portion of the program.

17 So we actually come up to 82 PY for the year.
18 The additional switches in our originally proposed work
19 plan due to the feedback from the Budget Committee are with
20 regard to power pooling, where we will continue our work on
21 power pooling this year. We will hold a workshop and
22 issue a report card on utility progress toward meeting
23 power pool potential.

24 We're going to be doing that essentially with the
25 addition of 15,000 to \$20,000 in contract funds, \$15,000 of

1 which will come from the siting program, because some of
2 the resources we have in the division prior to now dedicated
3 to reserve margin analysis will be devoted to support for
4 the Siting Division on Geysers 21 and C&H. We have some
5 skills matches that they need, and we'll provide that, and
6 they in turn will provide us contract funds to do our power
7 pooling analysis.

8 The third change is with out of state power. We
9 didn't emphasize in our work plans the role that we expect
10 to play as regional facilitators for the inter-utility,
11 interstate market, and potential supply/demand balances
12 where we might be made better off, and other states made
13 better off, and other utilities made better off at the
14 same time. We're in a unique position to be able to
15 facilitate that, so we'd like to devote some of our attention
16 this year to building that sort of credibility, more so
17 than focus just on the northwest, but also on the southwest.

18 CHAIRMAN IMBRECHT: Questions?

19 COMMISSIONER GANDARA: I have not so much questions,
20 but more in the nature of comments as to things that I think
21 are -- I'll identify the need to further resolution. I
22 think what is indicated here is a transfer of the
23 contingency planning people to the fossil fuels element.
24 I think that's a very healthy, positive step. I've been
25 advocating that for some time.

1 Where we are on that, however, means that the work
2 plans for that particular aspect are unsettled because in
3 the conversation with Mr. Rauh, he indicated to me that
4 in expectations of some resolution of this issue, which
5 has been identified earlier on in the process, that what
6 was indicated in the work plans was basically kind of a
7 holding pattern.

8 So that as soon as we consummate this particular
9 transference, I think we need to get together and define
10 those work plans.

11 In another area, you didn't mention it yet, but
12 I don't know whether there would be any work plan conse-
13 quences of the gas proceeding, the OII that we have
14 recently embarked upon. So that since we don't have the
15 elements of the work plan flushed out here, do you expect
16 that that's going to be finalized further?

17 I understand that there are plans for a meeting
18 to be held, or for some further disposition. Again, I'm
19 identifying these as things that to me are outstanding in
20 terms of definition.

21 MR. KELLY: Okay. We have the contract carriage
22 provisions built in up to a half PY, and we figure that we
23 would be able to stay well within that -- well, maybe not
24 well within it, but certainly, we would force ourselves to
25 stay within it, unless a major issue developed where we

1 needed more, in which case we would come back for a work plan
2 adjustment.

3 COMMISSIONER GANDARA: Okay. Related to that, but
4 not only to that, but in general to the issue of the Fuels
5 Planning Committee, and I don't know whether we are going
6 to get a more detailed presentation, but at least the
7 document that I saw from Mr. Chamberlain's office indicating
8 the distribution of legal support for the various committees
9 indicated four zeros, much like the giant scoreboard most
10 of the time for support for the Fuels Planning Committee.

11 This is an issue that we went through at mid-year
12 adjustment last year, and I'm just a little bit concerned.
13 I think that we have gotten along without legal support,
14 which we had built in some contingency last year, and I
15 think the APR has been a very good product. I don't know
16 whether that's been a result of so little assistance from
17 the legal office, or such great assistance from the staff.

18 But certainly it was a noble experiment, that
19 when we try again -- on the other hand, given that we do
20 have this OII with uncertain results, I would at least like
21 your plans, or the plans from the division to include some
22 expectation that there will be some legal services provided
23 on call, and I can't give you an estimate of what that might
24 be. But have you two coordinated on this?

25 MR. CHAMBERLAIN: Well, I don't think it would be

1 fair to say that Thom and I have coordinated on the natural
2 gas issue. I would say with respect to the OII, we did
3 file an appearance as you mentioned, to get the thing
4 started.

5 However, it was unclear to us at the time whether
6 the Commission really was going to be involved in a big way
7 in the case, or what was to be accomplished. I would say
8 we have not budgeted for a full scale PUC proceeding, if
9 there are significant issues to be raised, and presented
10 in that hearing.

11 But that would probably be one area, when we get
12 to my part of this, I will explain some of the things I've
13 been doing to explore options besides just cutting some
14 other program for possibly covering that kind of work.

15 COMMISSIONER GANDARA: Okay. Well, then, why
16 don't we leave that for your presentation a bit later. But
17 just let me indicate that last year the resolution of some
18 of the additional work that needed to be done by legal, or
19 was able to be done, because of less than expected siting
20 load that came in, we have heard earlier that we expect
21 that load not to diminish substantially, in fact, increase,
22 and that's the reason for the additional request.

23 So in view of that, I'm just wondering whether,
24 when you get to your presentation, whether you will address
25 from a point of view of planning, whether it might not be

1 worthwhile to indeed plan on those activities that we think
2 are likely to be needed in the non-case siting area so that
3 if, in fact, there will be positive response to our requests
4 for the additional siting PY, that I presume that part of
5 that component has to do with legal support.

6 So, let me, you know, just defer that, and let's
7 now proceed with the rest of this presentation.

8 MR. KELLY: That was my presentation. I'm
9 entertaining questions now.

10 CHAIRMAN IMBRECHT: Commissioner Commons?

11 COMMISSIONER COMMONS: Trying to follow the format,
12 my understanding today is that we will will have -- if
13 there are issues when we get the detailed work plans, they
14 will be brought back to the Commission and resolved at the
15 next business meeting, is that correct?

16 DEPUTY DIRECTOR SMITH: No. If I could comment
17 on that. I'd anticipate with the direction that we're
18 receiving today, and getting concurrence on today, that we
19 would provide two weeks for the divisions to incorporate
20 this work plan revision in detail into their original
21 submittals and get them to Commissioners, and then there's
22 a question of how long Commissioners offices would like to
23 have.

24 My presumption is that squeezing that into a two
25 week time period would not provide adequate review time.

1 So I would propose that it be two business meetings from
2 now and what we would do --

3 CHAIRMAN IMBRECHT: August 16th.

4 DEPUTY DIRECTOR SMITH: Yeah, as part of the
5 Executive Director's Report, we would indicate that there
6 was the potential for resolving any remaining issues if
7 there needed to be further adjustment, those could be made
8 at that time.

9 COMMISSIONER COMMONS: Well, what I'm trying to
10 do, Mr. Chairman, is see if we can avoid some laborious
11 discussion today, and if there are some of these detailed
12 issues, this is an area that we're talking about here that
13 I'm going to have to spend most of my time in the next
14 9 or 12 months on, and so there's some detailed issues that
15 concern me, which I may not have to --

16 CHAIRMAN IMBRECHT: I think it would be appropriate
17 for you to address those with the Executive Office.

18 COMMISSIONER COMMONS: All right. Then what I
19 want to do is -- that will eliminate about 80 percent of
20 what I wanted to discuss. I think there are a few broad
21 issues that the full Commission should be aware of in terms
22 of what we're doing here, because they have significant
23 long-term impact on the Commission's operating over the
24 next few years.

25 One is the change in dates on the CFM, this mini-

1 CFM-5 is it? Or 6 versus 5. Thom, I think it would be
2 appropriate if you could explain the assumptions that have
3 gone into this budget, and the impact that would be made
4 on CFM-6 versus 5, and the changes in normal operating
5 procedure that would occur, because those assumptions are
6 built in here, and essentially by approving this work plan,
7 the Commission is approving a fairly major element of work
8 that the Commission will do in the next year or two, and
9 I think the Commission needs to be aware of that.

10 MR. KELLY: The process is -- for the Electricity
11 Report, is now scheduled for CFM-5 to extend to March of '85.
12 That has slipped a bit from originally intended schedules,
13 because we had quite a few vacancies, and a lot of the work
14 from the utilities was coming in at a staggered, later
15 date.

16 So we pushed much of our work from the prior
17 fiscal year, into this fiscal year, and by having a final
18 Electricity Report in March, we only have three months
19 left in the fiscal year.

20 At the same time that we're slipping into this
21 fiscal year, we're also coming in from the back door with
22 the 1549 scheduled changes for the common forecasting
23 methodology round 6, and as preliminary to the Biennial
24 Report 6. The forecasts will be due in that new schedule
25 June 1st, 1985, so we'll have, in essence, two months from

1 the completion of the -- and the adoption of the Commission's
2 forecast for CFM-5, before we have to file the CFM-6 staff
3 forecast, and that leaves us precious little time to do
4 other things like, for instance, substantially revise the
5 CFM forms and instructions, or work on any other changes
6 that we would require of the utilities or of ourselves.

7 So what we are doing is accommodating the work
8 that's absolutely essentially for this Electricity Report
9 as our top priority, and the other work is going to fit in
10 accordingly.

11 COMMISSIONER COMMONS: But in essence, what we're
12 going to do is not a regular CFM, it's going to be a mini-
13 CFM with a substantially reduced workload, and not all
14 data is going to be updated as part of that proceeding.

15 MR. KELLY: Yes, sir, that's correct. We're
16 proposing during this two or three month period, to update
17 the economics, the basic economic assumptions for new
18 conditions, or new outlook, change prices if we have any
19 reason to believe that the basic prices have changed
20 substantially, and if not, we propose to run a very brief,
21 essentially using the same models with limited updates of
22 data for CFM-6, that's not going to be particularly bad
23 thing from the standpoint of the utilities, I don't think,
24 or from the standpoint of the Commissioners not having
25 brand new models, and brand new data, because we will update

1 it, including 1984 information.

2 But the next time that a report has to be adopted
3 will only be a year and a half away, so we're only -- we'll
4 still be within our two year cycle of providing a new
5 electricity forecast, it's just that the Electricity 6 will
6 look amazingly like Electricity 5.

7 CHAIRMAN IMBRECHT: Commissioner Gandara?

8 COMMISSIONER GANDARA: A few other questions,
9 Mr. Kelly. Just by way of clarification. I'm very much
10 encouraged by the fact that there seems to be more
11 activity in the past year and more activity planned in the
12 wasted energy area, and again, I just want to know whether
13 that is included within your technology assessments element,
14 or continuation of the work that's being done there.

15 MR. KELLY: Yes, sir, that's included. We think
16 potentially it is an extremely important source for future
17 power.

18 CHAIRMAN IMBRECHT: And I just might note to you,
19 I think we're going to have a major MSW siting application
20 filed very shortly as well.

21 COMMISSIONER GANDARA: I think that what we have
22 here are several efforts now, both from our Siting Division,
23 our Assessments Division, and as I understand it, our
24 Development Division with the Lassen Project, as well as
25 some proposals. I think it might be worthwhile for you all

1 to consider some coordinated activities there, so that the
2 strengths of each of division are applied appropriately
3 to each particular area so we can in fact proceed in this
4 area in a manner that I think would be most productive for
5 the Commission.

6 The other area that I wanted to ask you about,
7 Mr. Kelly, was in your systems assessments element. I
8 raised before the Commission, and the Commission essentially
9 agreed, the economic -- the Loans and Grants and Economic
10 Committee pursued some workshops and hearings with respect
11 to the industrial electricity rate report. Is that
12 included, again, within your current work plans in
13 assessments under the systems assessments?

14 MR. KELLY: Yes, sir.

15 COMMISSIONER GANDARA: Then the last question I
16 have is perhaps more of a request than a question, and that
17 is, I've been recently informed that because of a slightly
18 different emphasis that it is appropriate in each proceeding,
19 but also because of the differences in forms and instructions
20 that went out last time, that our gas forecasting, demand
21 forecasting is on a slightly different track than it had
22 been before.

23 Over the years, we've proposed a number of actions
24 or activities in the natural gas areas, not just forecasting,
25 and we have not received the requisite budget approvals,

1 and there are times because of the demands on various parts
2 of the staff here, where we have redirected some staff
3 from that area to other areas, and this has all been done
4 kind of incrementally.

5 What I think would be most helpful certainly to
6 the fossil -- to the Fuels Planning Committee, but I think
7 to the Commission as a whole, is if you were to sit down
8 and outline for us what the differences are in our ability
9 to address the natural gas issues, you know, what the
10 differences are between where we were a couple of years ago
11 and where we are now, so that we can have a better assessment
12 with respect to the BCP process that we'll be going through,
13 and perhaps even for the work plan adjustment process, to
14 see what it is that we might be able to address.

15 Because I know there's some interaction here
16 between your demand assessment, and your fossil fuels,
17 price forecasting, and also to some extent, what goes on
18 within the CFM process in terms of preparation and requisite
19 data.

20 I don't have a very clear picture of how far we
21 have moved from our various capabilities. We may have
22 picked up some, we may have lost some, but I think it would
23 be useful to review where we are on our natural gas, on
24 our ability to address natural gas issues, and in view of
25 the OII in that area, I think it would be helpful to in fact

1 get the various elements again together to try and get an
2 assessment of our abilities to proceed in that activity.

3 That's all the questions I have.

4 CHAIRMAN IMBRECHT: Okay. Commissioner Commons?

5 COMMISSIONER COMMONS: A few specific areas, one
6 area that is going to integrate with a number of the
7 programs that we're going to discuss later, but in the
8 resource plans, the generic and the alternative resources
9 shown by the utilities in the resource plans are generally
10 put together at a time when the expectation there would be
11 a federal tax credit.

12 In our hearings on the resource plans this fall,
13 one of the questions that we have to look at, is our
14 resources are getting dried up rapidly in terms of where
15 we can develop power sources, is what impact that is going
16 to have, and what are the various incentives, and how
17 realistic is it going to be as to the significance of some
18 of these various resources.

19 I'm not sure where it's being addressed, and the
20 timeliness. I can say, I think it is a critical factor
21 within the overall resource plan, and it's one that we have
22 to look at, and that I would hope the effort would be an
23 integrated one, not done in two or three divisions at
24 different times.

25 I don't know if it's appropriate that you address

1 this issue now, or it comes up within the Development
2 Division, but it clearly crosses divisional lines and is
3 an important issue.

4 The next issue that I'm concerned with is one
5 of the areas that got hurt, in fact, clobbered last year
6 in this blanket issue, was somehow we lost, for a very
7 great portion of the year, almost half our staff in generic
8 technology assessment.

9 I note that we're proposing to further reduce this
10 area, and our ability to do good forecasting, and to have a
11 good understanding of where we're going, you've got to
12 start from the technology side. I can't support the
13 reduction that I see -- for example, of one person in the
14 conservation technology potential.

15 One area that we're clearly being devastated, for
16 example, is in load management, where we just do not have
17 the technology appropriate to resolve the problems, and the
18 issues so much in the proceedings that we're doing now on
19 the appliances, and various issues, the overall cost-
20 effectiveness comes down to the technology, and the
21 technology assessment, and we are just very hurt in terms
22 of understanding this area.

23 The things that I see in this draft work plan
24 were -- I would say that on a long-term impact, our ability
25 to make conscientious decisions that would be hurt seriously

1 would be this type of reduction. So that's one area I
2 see in here that I could not support.

3 MR. KELLY: Did you have an alternative for which
4 other program that we augmented in that technologies
5 assessments you would not propose?

6 COMMISSIONER COMMONS: Well, in following the
7 Chairman's directive, I think it's appropriate, what we're
8 trying to look at where there are problems in areas, not
9 try to resolve them today on the floor, maybe identify the
10 problems, and then as he suggested, meet with the Executive
11 Office and bring the policy issue back to the Commission
12 four weeks from today if we're able to resolve it or not
13 resolve it for Commission direction.

14 We could spend two days on trying to solve some
15 of these problems.

16 CHAIRMAN IMBRECHT: How much of your 20 percent
17 is left?

18 COMMISSIONER COMMONS: Well, I also want to
19 identify for you all, I think, in case you have comments,
20 or strong disagreements, or concurrence, what I perceive
21 as some of the broader based areas that affect all of us.

22 CHAIRMAN IMBRECHT: As you recall from the last
23 year go around, I like to see, just as Thom is asking there,
24 if you're going to augment one place where it should be
25 taken from, otherwise -- I mean, why comment on it, I don't

1 want to know what the trades are.

2 COMMISSIONER COMMONS: Well, if you'd like to know
3 what the trade is, someone is suggesting taking from this,
4 and putting somewhere else, so I'm saying, I don't want to
5 go along with the taking, that this was not an appropriate
6 place to take.

7 Someone took, and they didn't say, should we
8 take, and I don't like the proposed trade that's being
9 made here. This is not an augmentation. I'm saying I don't
10 agree with the deduction which is being proposed here, which
11 is very different.

12 MR. KELLY: Commissioner Commons, our proposal
13 is not to take from the technology assessment element, it
14 is a redirection within the element.

15 COMMISSIONER COMMONS: Well, I don't consider
16 PVEA a redirection of conservation technology. I -- you'd
17 have to justify that to me.

18 CHAIRMAN IMBRECHT: Okay, next?

19 COMMISSIONER COMMONS: That's my 20 percent, I
20 think. I think you told me.

21 CHAIRMAN IMBRECHT: Further comments or questions?
22 Okay, thank you.

23 DEPUTY DIRECTOR SMITH: Okay. The next program
24 area is the Development Division.

25 CHAIRMAN IMBRECHT: Okay.

1 MR. VANN: In the Development Division, we've
2 made some personnel shifts that show up, first off, our
3 totals for the division haven't changed in our original
4 submittal, but we have reduced the synthetic fuels element
5 from 13 that it was previously, down to 9.

6 What we've done is we've taken the stationary
7 section out of synthetic fuels and combined that with the
8 biomass/cogeneration office there to deal with some short
9 and mid-term problems associated with cogeneration, as well
10 as combining some of the engineering expertise to help out
11 in the short-term on the -- some of the problems with the
12 biomass projects themselves.

13 We have shifted positions out of small power
14 producers, biomass/cogeneration, and management and support
15 into finance and technology development to augment the
16 FTD staff such that we could deal with the increased work-
17 load associated with PVEA and the ER/BR Report.

18 Since this was originally prepared, we have been
19 requested to identify an additional two person reduction,
20 or identify a two person reduction in the division. Our
21 original proposal was to reduce small power producers by
22 2 PY. That I understand now needs to be discussed further
23 with the Committees that will be impacted, and we will do
24 that in the time frame between now and when we come back
25 before the Commission.

1 Other than that, we have issues pending that
2 warrant some consideration. We have a high probability
3 that the R&D legislation, the Naylor legislation or
4 Rosenthal legislation will pass, and that will result in
5 a roughly \$8 million revolving account that will need to
6 be administered.

7 We have the methanol bus proposal, the Leonard
8 legislation. If that is successful, that too will require
9 additional staff, and finally, some of the discussions that
10 are currently going on on PVEA may also require additional
11 staff.

12 In the event that any or all of those items come
13 to fruition, the division would have to come back and
14 explain what reallocations would be necessary to cover the
15 increased work.

16 CHAIRMAN IMBRECHT: Okay. Commissioner Gandara?

17 COMMISSIONER GANDARA: I had one question, Mr.
18 Vann, and perhaps the question might be directed at the
19 Tax Credit Committee, but you indicated that with respect
20 to some of the reallocations, you would discuss them with
21 the respective committees, and that I suppose after that it
22 would come back to the Commission.

23 What would help me, is because I believe one of
24 those redirections has to do with the -- what effect the
25 tax credit analysis, or tax credit work --

1 MR. VANN: That's correct.

2 COMMISSIONER GANDARA: I guess I would be
3 interested in either hearing from the staff, or from the
4 Committee, what it is that is occurring or being planned
5 in that area, or whether the Committee feels that at the
6 time that this comes back before the Commission, whether
7 they can address it at that point.

8 Because I guess that's an area that I'm interested
9 in, but would, again, as long as there's a final decision
10 pending, you know, could defer it. I raise it not only
11 because of my interest, but because much to my surprise,
12 I think there's some confusion as to what -- where it falls
13 under the economics impacts, part of the loans, grants and
14 economic impacts, and what falls under Tax Credit Committee,
15 and I have no expectations that anything was being expected
16 of us until recently.

17 So now I'm a little bit confused. So again,
18 wherever -- I don't know who the Tax Credit Committee is.

19 COMMISSIONER CROWLEY: Mr. Schweickart chairs
20 that, and I'm the second on that, and I too would appreciate
21 having you give us some help with either at the Committee
22 level or now, regarding what has been suggested for change.

23 MR. VANN: The tax credit analysis?

24 COMMISSIONER CROWLEY: Um-hmm.

25 MR. VANN: Basically, what we were going to do is

1 update the previous tax credit report, that was our original
2 report, that was our original proposal. The federal tax
3 credits did not get extended, so they are due to expire,
4 and that may have some impact -- well, it's certainly going
5 to generate some questions as to how that impacts the
6 California tax credits.

7 COMMISSIONER CROWLEY: And this is part of your
8 element three in your allocation at this time, is that
9 correct?

10 MR. VANN: Yes, small power producers, the solar
11 tax credit analysis.

12 MS. DELLER: Excuse me, if I could add something.
13 The tax credit work wouldn't just be the update of the
14 tax credit. I think what we were also talking about is
15 utilizing some contract funds that are in the CSAC contract
16 and perhaps some additional monies which might be coming
17 from some other contracts to look at whether or not
18 incentives are still needed for solar and wind in particular.

19 If so, what types of incentives make sense, given
20 the problems that the technologies are confronting. It
21 may not be tax credits.

22 COMMISSIONER CROWLEY: Did you intend to discuss
23 this element change with the Tax Credit Committee and with
24 the -- what is it, Economic Impact Committee?

25 MR. VANN: Yes.

1 COMMISSIONER CROWLEY: So that we have some idea
2 in each committee what -- how you're going to sort this out?

3 MR. VANN: Yes.

4 MS. DELLER: Right. It seems to fall really
5 between both, because the updating of the Tax Credit Report
6 would probably be under the Tax Credit Committee, I assume,
7 and the analysis of incentives would probably be under the
8 Loans, Grants, and Economic Incentives Committee.

9 COMMISSIONER CROWLEY: And the Tax Credit
10 Committee is concerned with this continue, because the
11 feeling of the Tax Credit Committee is that this is a very
12 volatile time because of the federal considerations of tax
13 credits, and the impact of that on state tax credits.

14 So, regardless of how it goes, we would like to
15 be kept apprised of this by the analysis. So I agree with
16 you that it would be appropriate that we go into this in
17 the two appropriate committees.

18 COMMISSIONER GANDARA: One last question, Ms.
19 Deller. The issue that was raised previously with respect
20 to some -- I think it was Committee interest, or staff
21 interest, or staff work in the area of performance reporting
22 of wind machines. Would that be rolled into this effort
23 as one of the incentive aspects that you mentioned, or are
24 there on separate tracks, or is there going to be a merger
25 of these two activities?

1 MS. DELLER: That activity is right now on a
2 separate tract. It -- I assume would be looked at in terms
3 of whether or not that would provide an incentive which
4 could displace other types of incentives that would respond
5 to what the problem is. That is on a separate tract, it's
6 the subject of the OIH that the Commission adopted I think
7 on June 20th, and it's the Tax Credit Committee which is
8 administering that OIH to establish a wind monitoring
9 reporting system.

10 MR. VANN: From a crossover standpoint, as we
11 look at incentives tying other incentives to some performance
12 requirement would certainly be also considered in an
13 incentive analysis.

14 DEPUTY DIRECTOR SMITH: To some extent the
15 Development Division is in a similar position to the Siting
16 and Environmental Division, given the additional workload
17 that has some likelihood of appearing a little bit later in
18 the year. So we're going to not only deal with the
19 immediate options, but we also have to look ahead at what
20 the priorities might be if the legislation passes that's
21 coming up.

22 CHAIRMAN IMBRECHT: I'm sorry, Commissioner?

23 COMMISSIONER CROWLEY: I was interested to know
24 whether your 18 PY included staffing for this tax credit
25 analysis and --

1 MR. VANN: Yes, it does.

2 COMMISSIONER CROWLEY: -- I mean, collateral
3 studies.

4 MR. VANN: The work plans that were made available
5 to the Commissioners were based on a total staffing level
6 in the division of 69 PY. It did not have the 2 PY
7 reallocation considered in the preparation.

8 COMMISSIONER CROWLEY: Okay, thank you.

9 CHAIRMAN IMBRECHT: Commissioner Commons?

10 COMMISSIONER COMMONS: Two or three comments here.
11 First was just going back to the previous committee, I
12 have one other comment -- or previous thing. Is one other
13 area that needs to be looked at there was the integration
14 of the Assessment Division work on conservation into the
15 Conservation Report which we're going to have to initiate,
16 and I don't think there was any allocation.

17 It's very important, I think, that the work done
18 in one division is harmonious and compatible with the work
19 done in another division, and that should be incorporated.

20 Going now to the R&D. Is there anything in the
21 proposal here concerning the Naylor bill for implementation?

22 MR. VANN: No, there is not.

23 COMMISSIONER COMMONS: All right. I would object
24 to that, because I think that it's very likely that that
25 will pass, and there at least should be some minimal

1 allocation starting the first of the year to start to get up
2 to steam on that.

3 CHAIRMAN IMBRECHT: But there will be no dollars
4 flowing until July 1 of next year under the terms of the
5 bill.

6 COMMISSIONER COMMONS: Yeah, but we start work
7 in July, and try to identify the projects and the procedures,
8 and then what happens is we don't do anything for maybe
9 two years, and it's not good to have state funds allocated
10 and loans, and not initiate projects and get up.

11 What I've suggested to the division is starting
12 in January, there be one person allocated to that which is
13 about .5 PY which I think is what you'd want to have as a
14 start-up effort.

15 MR. VANN: Well, in consideration of that, we go
16 through, or have gone through in the past, the mid-year
17 adjustment, and we actually did plan on dealing with that
18 issue at the mid-year adjustment. Right now, we are
19 beginning the fiscal year. If there are any savings, or
20 any places in the work plan where we don't expend as much
21 as is currently allocated, those, of course, could help
22 alleviate that, rather than trying to extract a full or a
23 half a PY out of the work plan as it reads right now. It
24 would be very difficult to --

25 COMMISSIONER COMMONS: It will be twice as difficult

1 in January, because then you're having to do it in a six
2 month time frame rather than a year, and that's my general
3 comment on this division. I think we have to make a
4 realistic assessment as to the legislation that's likely
5 to pass, and plan on it passing, and not having an augmenta-
6 tion, and if something doesn't occur, it is much easier
7 than to reallocate excess, and it's almost impossible to
8 meet legislative direction within this Commission based on
9 our ground rules, if you are asking for something, you have
10 to find out where it comes from, and the appropriate time
11 to do that is now, and not postpone an issue that you know
12 is there.

13 So what we don't want to do is start work on
14 something knowing we're not going to be able to complete
15 it if we don't have the resources to do so, and we should
16 face up to those problems in the work plan today, rather
17 than postponing them when they become part of it.

18 MR. VANN: The division is very willing to do
19 that. The only point I'm attempting to make is at this
20 point in time, looking at the work plans, the decisions
21 that need to be made may be extremely difficult to negotiate
22 at this point in time, and it could be easier if there are
23 savings in January, than trying to deal with it at this
24 point in time.

25 COMMISSIONER COMMONS: The savings that we talk

1 about, they generally don't occur, and if we have excess in
2 January, then we can fund some of those projects. I just
3 don't see those occurring.

4 DEPUTY DIRECTOR SMITH: I think the potential
5 for savings is the issue that the Administrative Services
6 Division is addressing in their analysis that Rick described
7 this morning, so we want to fine tune that.

8 COMMISSIONER COMMONS: Then let's build in those
9 savings now and reduce a project by the estimated amount
10 of that savings, just like the state has 4.3 for us, and
11 let's do the same thing in terms of our allocation and
12 build into the work plans what we expect to do for the year.

13 The work plans should be a realistic estimate as
14 to what we expect to do for the year based on what we know
15 today.

16 I didn't get an answer from the Assessments
17 Division on this tax credit question. I want to note that
18 a lot of effort was spent on this report before, and I
19 do not believe it ever went to the Commission, and it's a
20 major policy document and a major policy area.

21 I'm not sure whether or not it should be updated.
22 I never took a hard look at it, since it was never brought
23 to us beforehand, and I think one of the questions, when we
24 have limited resources, is what impact would that document
25 have, and because of the very extensive resources that were

1 devoted to it previously, is what is the amount of resources
2 needed to update it, because if it took anywhere like the
3 amount of resources initially to put it together, I would
4 not be able to support it.

5 I'm very interested in the incentive question
6 that was raised in terms of how we assist or determine what
7 are the needs, and not as enthusiastic in terms of our
8 affecting the federal tax credit legislation by updating
9 that work. Particularly in terms of priority, we have to
10 look at what impact this is going to have on the resource
11 plan, the elimination of the tax credit, because that's
12 something this Commission is going to have to make a
13 decision on.

14 I don't know if it's coming out of this work, I
15 did not see it in the plan of the Assessments Division, so
16 I'd like to know where that analysis is occurring.

17 CHAIRMAN IMBRECHT: What was the question again?

18 COMMISSIONER COMMONS: Well, all the utilities,
19 if you remember, we had their presentation on their
20 resource plans. The resource plans included the assumption
21 that the federal tax credits were going to continue, this
22 was something that occurred at a later date.

23 There may be a very major impact on the resource
24 plans, on the economic viability of some of the alternatives,
25 and it could have a significant impact in terms of the

1 deficit that we see in the resource plans of being able to
2 meet our supply needs, and this is --

3 CHAIRMAN IMBRECHT: Correct me if I'm wrong, but
4 my recollection was that the -- it could have an impact,
5 there's not question about that. But my recollection is
6 that the alternatives amount to, in PGandE's case, only
7 about 350 megawatts, not counting cogeneration, which is
8 not dependent on the tax credit, and not counting geothermal.

9 COMMISSIONER COMMONS: It's more on Southern
10 California Edison than it is on PGandE. I don't remember
11 the exact level on PGandE.

12 CHAIRMAN IMBRECHT: And the tax credit issue, you
13 know, the federal tax credit does continue until the end
14 of '85, and my understanding from a variety of conversations
15 with members of Congress is that they expect to reraise
16 the issue of extension and have some type of commitment
17 from Ross Tenkowsky (phonetic) as to his willingness
18 as Chairman of the Ways and Means to entertain that issue
19 next year anew.

20 DEPUTY DIRECTOR SMITH: Mr. Chairman?

21 CHAIRMAN IMBRECHT: Yes?

22 DEPUTY DIRECTOR SMITH: Dan Nix from the
23 Assessments Division, I believe, can respond to the issues
24 being raised in terms of how this analysis fits in with
25 other work that's going on. Dan?

1 CHAIRMAN IMBRECHT: Okay, fine.

2 MR. NIX: For the record, my name is Daniel Nix.
3 We're involved with the Development Division at the present
4 time in an assessment of the possible quantity of electricity
5 supplies from small power producers. An element of that
6 analysis involves postulating various futures for tax
7 credits, both state and federal.

8 Our interest is in, for example, if we have a
9 limited partnership type of structure, determining the
10 effect of the return on investment to limited partners if
11 tax credits were to be eliminated, and whether the return
12 would be sufficient to attract investment capital to feel
13 reasonably confident that the supply would materialize.

14 So it's not a position about the merits or
15 demerits of tax credits, but rather an analysis of the
16 effect of their possible demise might have.

17 COMMISSIONER COMMONS: So you're saying this
18 augmentation in the tax credit area won't affect the
19 item that we're discussing, that's already locked into the
20 system?

21 MR. NIX: Well, with respect to the work the
22 Assessments Division is doing, our program plans already
23 have the analysis with respect to the tax credits.

24 MR. VANN: And the same in ours, that's under the
25 ER --

1 COMMISSIONER COMMONS: Agreement that was signed
2 between the two divisions.

3 CHAIRMAN IMBRECHT: Okay, further questions?
4 That takes care of it? Ted?

5 MR. RAUH: The highlights of the conservation
6 program budget I'll try to summarize briefly. The division
7 was confronted with an expected workload of about 47.5
8 PY and budget allocation of 42. In discussions with the
9 first -- at the first Budget Committee meeting on program
10 planning, direction was to ensure that adequate resources
11 were budgeted within the division for the Conservation Report,
12 the Biennial Report support, and the Electricity Report
13 support. Items that were not previously in the Governor's
14 approved budget.

15 In addition, the Commission Budget Committee
16 indicated a desire to see the appliance program move forward,
17 the nonresidential building standards program move forward,
18 adequate attention and resources applied to our loans and
19 grants, and additional efforts in load management policy
20 issues, coupled with the continuing responsibilities the
21 division has in carrying out federally mandated programs,
22 such as RCS, the tax credit, CACS, and our regulatory
23 administration load associated with building and appliance
24 standards.

25 We've attempted to accomplish those goals in the

1 resource plan summary that's provided on the screen and
2 you have in front of you. The highlights of what we will
3 accomplish in the appliances area, have been able to
4 allocate additional resources in the appliance standards
5 development area to include room air conditioner considera-
6 tions in this fiscal year, along with our already considera-
7 tion of central air conditioning systems.

8 We also plan to do Biennial Report and Conservation
9 Report policy pieces in the appliance area, and of course,
10 we have allocated half year resources for insulation quality
11 with the expectation that at mid-year, we'll hand that off
12 to the Department of Consumer Affairs.

13 In the buildings program, there are basically
14 two elements, one dealing with new buildings. We have
15 increased the allocation for nonresidential building
16 standards to ensure that we both adopt a retail standard
17 this year, and develop a draft standard for the restaurant
18 proceeding.

19 This will enable the Commission to hold good on
20 its commitment to the industry to have those three building
21 types accomplished prior to the 1987 implementation date for
22 the office standard.

23 We have cut slightly into the resources allocated
24 to the administration, and technical assistance of our
25 ongoing standards efforts in the building area.

1 In the existing buildings program, the schools
2 and hospitals, it stays the same, we anticipate \$12 million
3 worth of new grants and loans, and we will continue to
4 administer \$33 million of existing loans and grants on the
5 books with 5 PY.

6 In addition, in the local and residential areas,
7 we have \$2.7 million in new funds, and approximately \$2 to
8 \$2.7 million in existing funds that we will be carrying out.
9 That's a combination of both local residential and the PVEA
10 rental programs with respect to grants.

11 In addition, within those programs, we also have
12 the tax credit as a responsibility.

13 With respect to the utility systems effort, we
14 have 7.3 PY allocated in this area. We intend --

15 COMMISSIONER GANDARA: Excuse me, Mr. Rauh.

16 MR. RAUH: Yes?

17 COMMISSIONER GANDARA: Could I ask a question in
18 the buildings element, just a question in your accounting.
19 I noticed that you separated by new buildings and existing
20 buildings, and yet I know that in the -- I guess under the
21 local residential programs, or some of the PVEA programs,
22 some of the multi -- that's not right, it's under the solar
23 energy bank, does that -- that would fall under block one
24 of the bottom three bullets?

25 MR. RAUH: Yes, it does, existing buildings.

1 COMMISSIONER GANDARA: Okay. Under some of the
2 energy bank proposals, there are planned, I guess, some
3 activities directed at mainly new building, new building
4 design. For the purposes of accounting, does that show up
5 in the existing building category, or does that show up in
6 the new building category under nonresidential buildings?

7 MR. RAUH: At this point, since those are just
8 proposals, they're not shown in terms of a resource commit-
9 ment in this work plan. If we did have a proposal approved
10 by the Loans and Grants Committee -- well, we do have some
11 I guess --

12 (Whispered discussion.)

13 MR. RAUH: Okay, yes, and it is right now in the
14 existing buildings resource area for the portion of a PY.
15 I was referring, as you know, to other proposals that would
16 be if we had a program specifically designed just for new
17 construction, it would be anticipated the resources would
18 show under the new building category.

19 That's not an element separation in the budget,
20 but it was here just to describe to you the differences,
21 the major programmatic differences between or within the
22 buildings element, and those allocations also reflect the
23 two offices involved.

24 COMMISSIONER GANDARA: Thank you.

25 MR. RAUH: Would you like me to continue through

1 the rest of the summary?

2 CHAIRMAN IMBRECHT: Please.

3 MR. RAUH: Within the utility systems area, there
4 have been some changes in the last day and a half since the
5 division discussed its recommendations with the Budget
6 Committee. We have been able to free up an additional PY
7 of work from originally allocated projects supporting the
8 Biennial Report in this element, and in support of our
9 representation by moving those out of this element, we
10 intend to accomplish them with existing overstaff, but that
11 does provide an additional 1 PY to do advance residential
12 load management planning work associated with the Committee's
13 desires to investigate a strategic plan for load management
14 for California.

15 We also have resources budgeted in this element
16 for the Conservation Report and for support to the Electricity
17 Report, an allocation to develop an evaluation for the
18 Commission of the success of our utilities, and the state
19 in general in achieving the 20 percent goal of commercial/
20 industrial conservation, which we are to have achieved by
21 1985.

22 As Thom Kelly has indicated, the two positions
23 allocated for contingency planning are being transferred to
24 the Assessments Division. Management support is down from
25 our budgeted level of 11 to 9.5. We've accomplished that

1 reduction by my allocation of my administrative assistant,
2 50 percent of her time to work on a project within local
3 residential which is the home labeling program, and by the
4 freezing of a clerical vacancy, to enable us to free up
5 an additional technical position to augment needs within
6 the program.

7 That's basically the summary. The resources
8 within the program total 40 PY. There's an additional 1.0
9 PY on loan to the division from the Development Division
10 bringing the total allocation to 41.0 in terms of workload.

11 CHAIRMAN IMBRECHT: Okay. This was undoubtedly
12 the most difficult division to do juggling on. I don't
13 know that all the decisions are ones that any of us
14 approach with affection, but I think you've done a good
15 job in allocating what are obviously limited resources.

16 Any further questions? Commissioner Commons?

17 COMMISSIONER COMMONS: How many people do you
18 currently have in the division?

19 MR. RAUH: We currently have, I believe 45, 47 --
20 46 real people of which a number of those are working less
21 than full-time, but 46 people within the division.

22 COMMISSIONER COMMONS: But if you took it into
23 real time, would it be above or below the 41?

24 MR. RAUH: It's above the 41.

25 COMMISSIONER COMMONS: And in the appliance area,

1 CHAIRMAN IMBRECHT: That's because you're carrying
2 people in the blanket?

3 MR. RAUH: That's correct. These are people in
4 excess, which I've identified at least 1 PY of effort as a
5 result of the modifications that have occurred since the
6 Budget Committee. One of those is shown here on the chart
7 at the bottom which is .5 in anticipation of additional
8 PVEA allocations this year.

9 The other is a .6 to support the Biennial Report,
10 and that is again work that we hope to get completed in
11 the first three to six months of this year.

12 COMMISSIONER COMMONS: This is the area, Kent,
13 that I have the concern, because essentially, if you're
14 committing a blanket position, what you've done is you've
15 taken that away from an area in the work plan that we've
16 approved, and that's the game that I want to try to avoid.

17 We have a work plan, that's what we do, and we
18 don't use the blanket to do something else. If we want to
19 put something into the work plan, then we put it in the
20 work plan, we don't use the blanket to accomplish that
21 objective.

22 DEPUTY DIRECTOR SMITH: I believe that the
23 proposal that the division had, I believe day before
24 yesterday, was based on the people that were there, budgeted
25 for the full year. In the last day and a half, in trying

1 to accommodate some priority work, we've exercised some
2 additional flexibility in assigning work to those blanket
3 staff. But it's in order to accommodate the additional
4 work that we did that.

5 COMMISSIONER COMMONS: But if you added .5 and
6 .6, or 1.1 from the blanket, that means that you've taken
7 from someplace else in the Commission a vacancy, which
8 means that that work is not going to get done. That's what
9 happened last year, and we let it go last year because of
10 the enormous instability, and the problem of placing people
11 with appropriate resources for the jobs.

12 But that's not the emergency situation that
13 we're in today, and I recognize how you're trying to
14 accomplish this, but if the result is if someone believes
15 you're going to get something done, and it's not going to
16 be done because of that blanket, then let's face that hard
17 reality today, rather than have someone not have something
18 done.

19 Last year, the area that didn't get done, for
20 example, was that we did not do our siting regulations,
21 we did not do a commercial status report in GTA. The
22 Commission wanted those things done, if they didn't want
23 them done, then we should have eliminated them. That's
24 what I don't want to see happen, and that's what I'm
25 raising as a concern.

1 DEPUTY DIRECTOR SMITH: The way that that would
2 happen in terms of adjusting the resources in the conserva-
3 tion division would be to take the staff that are there,
4 working today on projects, and shift them away from the work
5 that they're accomplishing today and this week, and assign
6 them to other work that they would be new to.

7 Our judgment is that it makes more sense for them
8 to continue the work on the load management areas, and some
9 other areas, that they have the knowledge and skills to
10 perform. You know, we know that there's work that's being
11 accomplished.

12 It's an honest work plan, and that it shows you
13 what's actually there, and the work that's being done right
14 now.

15 COMMISSIONER COMMONS: Well, we are obviously
16 going to do the BR and the Conservation Division is
17 obviously going to participate in that BR, and I don't
18 think it's appropriate to schedule it from a blanket,
19 because if you're scheduling it from a blanket, it means
20 that that work is not going to occur someplace else, so
21 then we do something else.

22 Let's know what the tradeoffs are, as our
23 Chairman has said, if you're going to take something, tell
24 me where you're taking it from. So I would like to know
25 where you're taking this .5 and .6 from.

1 DEPUTY DIRECTOR SMITH: Ted, do you want to
2 address that now, because I believe we're just backing up
3 about eight hours.

4 MR. RAUH: Yeah, basically we would be taking
5 those, or returning to our original proposal with respect
6 to the .6 it would be in the utility systems area, that's
7 where we had originally budgeted the work.

8 In terms of the .5, what we have done in a
9 rough trade is removed that from the work plan, and at the
10 same time, we are treating the representation, union
11 representation as an item that the entire Commission will
12 pay for rather than the division, and that's the .4 trade
13 that had been shown again in utility systems, principally
14 because the individual who does that responsibility is in
15 the utility systems program area, and we have shown that
16 work in that element now for over a year.

17 COMMISSIONER COMMONS: Well, I think, Kent, we
18 either -- you know, we have to face the music, and I don't
19 agree with allocating blanket to projects outside of the
20 work plan.

21 DEPUTY DIRECTOR SMITH: I believe that -- correct
22 me, Ted, here, but I believe that the blanket staff are
23 allocated to projects within the work plan.

24 COMMISSIONER COMMONS: I don't see the BR in the
25 work plan. The BR is not in the work plan that we have here.

1 (Whispered discussion.)

2 DEPUTY DIRECTOR SMITH: Well, as I understand,
3 the suggestion is that the conservation work plan be
4 revised to stay within the 41 PY, is that correct?

5 COMMISSIONER COMMONS: Well, I don't have a
6 position on 40, 41, 42, 39, or 44. I just don't want to
7 see the BR not done.

8 MR. RAUH: Well, let me see if I -- what I
9 interpreted you to say is that if there's an anticipation
10 of carrying these people working on -- let's take specifi-
11 cally the BR issue of .6, if we're going to have two or
12 three PY of people working in that for three -- let's say
13 two people for three months, which would be a half a person
14 year roughly, then somewhere else in the Commission, those
15 people are currently being paid out of blanket funding,
16 but in essence, it means someone else's vacancy is covering
17 them.

18 You're suggesting that that other program ought
19 to be identified, what's not going to get done, or we
20 ought not to do this work. It's one or the other is what
21 you're saying.

22 COMMISSIONER COMMONS: My understanding of the
23 guidelines by the Chairman is if you take something, you
24 show where you take it from, is that correct?

25 CHAIRMAN IMBRECHT: If a Commissioner is

1 requesting a change.

2 COMMISSIONER COMMONS: And right now, Mr. Chairman,
3 in the work plan, you have in the Conservation Division, no
4 BR.

5 MR. RAUH: Let me correct that. You have --

6 CHAIRMAN IMBRECHT: Maybe I'm misreading, but I
7 see 2 PY assigned to BR/ER/Conservation -- what's CQ?

8 MR. RAUH: The Biennial Report is in error on
9 that chart, Mr. Chairman, that should be eliminated. There
10 are BR resources to do an issue analysis on our regulatory
11 building and appliance standards in terms of the strategic
12 approach the Commission is following in that area.

13 The second issue identified in the division was
14 government efficiency. That responsibility was going to
15 reside in the utility systems element and it is now not
16 in that element.

17 CHAIRMAN IMBRECHT: Government efficiency?

18 MR. RAUH: Yes, that was the discussion of school,
19 local governments, state, the whole nine yards.

20 CHAIRMAN IMBRECHT: So let me understand that,
21 just a little further in terms of having no resources at
22 this time allocated for BR work.

23 MR. RAUH: No resources in the 41 budgeted are
24 allocated for that project. There are resources allocated
25 for the strategic assessment of our regulatory -- our

1 future regulatory presence in buildings and appliances.

2 DEPUTY DIRECTOR SMITH: And at the same time, there
3 are 46 individuals working on those projects.

4 MR. RAUH: There are currently people sitting in
5 division desks who don't show on this 41, who will be
6 working on that program, on that issue.

7 CHAIRMAN IMBRECHT: Okay.

8 DEPUTY DIRECTOR SMITH: As I understand the
9 question, it may translate to identifying the vacant
10 positions that the Commission has today that are generating
11 the savings that enable us to pay the additional staff in
12 the Conservation Division, and those are vacancies that
13 are in the Development Division, vacancies in Assessments
14 Division, but all of that does tie to what Rick Donaldson
15 described initially this morning, as the analysis that they
16 want to do in some detail so that we know exactly where
17 we are, where the savings are, where the excess staff is,
18 and our ability to fill those vacancies as we move through
19 the year.

20 COMMISSIONER COMMONS: Well, Mr. Chairman, when
21 the motion is made, I'm going to add an amendment to it,
22 that the only work that can be done in the Commission is
23 work on approved work items, or the work plan so that
24 people within the Commission can't go and work on things
25 that we haven't approved.

1 DEPUTY DIRECTOR SMITH: Well, I would need to
2 point out that we don't set aside specific resources for
3 any number of which we might consider administrative or
4 management overhead, I don't -- and that includes responding
5 to correspondence, preparing budget proposals, preparing
6 monthly reports. There's a variety of activities that we
7 absorb.

8 So we need to recognize that additional reality.

9 CHAIRMAN IMBRECHT: I was going to ask you for
10 an illustration of what -- you've expressed this a couple
11 of times today, but -- as a concern to you that has
12 occurred that is contrary to --

13 COMMISSIONER COMMONS: Okay, first of all, I
14 would support that we do work on the BR, obviously, out
15 of the Conservation Division, and we should allocate a
16 resource report.

17 I would not support the plan that I see on the
18 table there, which shows that we're going to have 41
19 people in the division, and then we're going to have someone
20 else working on the BR that doesn't show up, and someone
21 else working on PVEA, unless I knew where we were going to
22 take that one person from, because if we're going to have
23 to add that one person to do work that we might want,
24 where is that person being taken from.

25 If we're going to take it from GTA, or we're

1 going to take it from doing siting regulations, let's know
2 it, and let's do it now, rather than surreptitiously.
3 It may come out of load management, which I'm concerned with
4 today, but that's for the majority of the Commission to
5 decide, but let's decide it by a majority vote rather than
6 having it happen when we expect something to happen which
7 should happen.

8 DEPUTY DIRECTOR SMITH: If I can comment on that.

9 CHAIRMAN IMBRECHT: Sure.

10 DEPUTY DIRECTOR SMITH: The effect that you're
11 describing is -- well, the answer will be dependent on
12 where the vacancies are in the Commission today, and some
13 of those may be filled in the next week or so, some new
14 vacancies may occur. We're dealing with something of a
15 moving target.

16 If it would be possible to identify some
17 activities associated with those vacancies that create the
18 resource, or the capacity for the staff in conservation
19 to do this work, but next month it's going to be a different
20 set of vacancies, and we don't have the ability to simply
21 shift the people regardless of skills, regardless of civil
22 service classification to match that work plan at any time.

23 There's an element here of day-to-day management
24 that requires more flexibility than you could build into
25 a detailed work plan, sort of a snapshot of what we intend

1 to do, locked in on. I don't think we'd ever be able to
2 achieve that kind of precision, because we don't have that
3 kind of control over the staff, and probably shouldn't.

4 COMMISSIONER COMMONS: Well, for the flexibility --

5 CHAIRMAN IMBRECHT: It's beyond on our control
6 to order people to remain employed at the Energy Commission,
7 is that what you're saying in effect?

8 DEPUTY DIRECTOR SMITH: Yeah, in particular
9 classifications and yeah.

10 COMMISSIONER COMMONS: You made a good argument
11 for the Chairman's position that we need to have that 5.9
12 or 4.9 which was discussed earlier. You have not addressed
13 the issue, and the game that has been played here for I
14 don't know how many years, which I'm addressing, which I
15 want to see it halt and cease.

16 The answer you've given says yes, management needs
17 some flexibility, and that's that 4.9 that we called out
18 to provide that type of flexibility. That is not by
19 holding vacancies in areas for six months and a year, and
20 not filling positions, in essence, reducing work in
21 approved areas, despite the Commission having directed that
22 this is the work to be done, and then taking people in a
23 blanket because we have now excess, and putting them to work
24 in another area, because some individuals feel that that's
25 the work that we're going to see done. That's the practice

1 I am trying to halt.

2 DEPUTY DIRECTOR SMITH: I'm sorry, but the
3 temporary help flexibility we have doesn't allow us to
4 address this problem of individuals working on a particular
5 project leaving the Commission. We can't take civil
6 service staff and simply shift them into temporary positions.

7 They have civil service rights to full-time
8 permanent positions in classifications and levels that
9 they're in and we don't have much flexibility to alter
10 that.

11 CHAIRMAN IMBRECHT: Well, Commissioner Commons,
12 I understand your point, but I just have to stress that
13 there are constraints that make these things difficult.
14 I have played with them as well. I also don't know of
15 any intentional policy, in fact to the contrary, the policy
16 at this juncture, and it has been reiterated in direction
17 from me to both Mr. Ward and Mr. Smith and Mr. Donaldson,
18 repeatedly, is to accelerate our efforts to fill every
19 vacancy that exists at the Commission.

20 To the best of my knowledge, that is exactly what
21 is occurring, albeit not always with great happiness and
22 so forth, but examinations, et cetera, are being given on
23 a near record basis right now to try to fill those positions
24 and I --

25 DEPUTY DIRECTOR SMITH: Yeah, within our funded

1 positions, right.

2 CHAIRMAN IMBRECHT: Pardon me?

3 DEPUTY DIRECTOR SMITH: Within the funded positions
4 and that's a salary savings issue that Rick was describing,
5 within that -- within the constraint of the resources that
6 were budgeted, moving as fast as we can with the exam
7 schedule and the recruiting effort.

8 COMMISSIONER COMMONS: Mr. Chairman --

9 CHAIRMAN IMBRECHT: I don't understand what game
10 it is you're alleging occurred.

11 COMMISSIONER COMMONS: The game that is played,
12 and that's what it is, it's a game, is that vacancies have
13 been held open in some areas, people have been borrowed
14 from certain areas to fill vacancies in other areas and so
15 in essence, work that this Commission has directed and
16 approved, and said we'd like to see done is not done, and
17 the answer is, I'm sorry, I don't have the people in this
18 area to do it.

19 It never comes to the Budget Committee. It
20 never comes to the full Commission, and so there are
21 important areas within this Commission which do not have
22 the work done. Rather, we have work done in other areas,
23 and here, we have the situation not in the work plan, the
24 BR, and you and I and everyone knows that we are going to
25 do the work on the BR.

1 So all I'm saying is, in this instance, let's
2 recognize we're going to do the BR, call it out, if it's
3 a half a person year, and take it from somewhere, and
4 let's identify and do this in the best way that we can.
5 We know we're going to do it, let's identify it as a half
6 a person, or that's what the division says they need, and
7 put it in.

8 Now, if there's the technical things, were
9 someone leaves, well we have -- no one wants to make anything
10 100 percent, but we don't want to have that the Siting
11 Committee doesn't have any resources so we don't revise
12 our regs, that we did not have a commercial status report
13 this year which has always been done, and we didn't do it.

14 That we eliminate across the board in a number
15 of areas work from being done, because we decided outside
16 of the Commission that some projects have more importance.
17 It also results that Commissioners don't have to spend
18 as much time haranguing the Executive Office and the
19 division in terms of seeing that they have people so that
20 they can finish the jobs so that we don't end up trying to
21 have resources available.

22 We do this once a year, this is the policy
23 decision the Commission makes, and then you have the
24 resources you've been allocated to live with and that's it.
25 If minor changes come along during the course of the year,

1 or major changes, that's why we have our Budget Committee
2 and the Executive Office for changes.

3 CHAIRMAN IMBRECHT: Let me ask a question. What
4 would you suggest that the people that are carried in the
5 blanket do?

6 COMMISSIONER COMMONS: Work on approved items
7 within the work plan.

8 CHAIRMAN IMBRECHT: Suppose that they don't have
9 the skills, or are not part of the division to accomplish
10 that work? Let's talk specifically about the conservation
11 program. You've got people that are in the blanket there
12 that are not fungible to Siting or to Assessments, despite
13 the fact we might all wish that to be the case, and as
14 long as they continue to be carried in the blanket, and
15 my sense is that we're going to get -- we're getting pretty
16 close now to sorting down and getting past the blanket
17 issues, I mean not too far off as opposed to a few months
18 ago when we were way off.

19 DEPUTY DIRECTOR SMITH: Yeah. No, we began the
20 calendar year maybe 50 out of sync.

21 CHAIRMAN IMBRECHT: What would you have those
22 people do during that interim period? That's the dilemma
23 that I think Mr. Smith has been trying to explain.

24 COMMISSIONER COMMONS: Yeah. I understand the
25 dilemma he has, and that there may be one or two people in

1 the Commission where you may have a specific technical
2 problem. However, the way we have operated has not been
3 restricted to the limitations that Mr. Smith has done.
4 Rather, we've made a conscious effort to go forward on some
5 projects, and not go forward on other projects, and I have
6 not raised the issue, I thought I'd wait until the next
7 budget cycle, or work plan cycle, and also give the
8 Commission time to adjust to a regular process, because it
9 was a real problem during the course of last year.

10 But now I think we want to restrict that activity
11 to the instances that Mr. Smith is saying do come up, and
12 it's clear that by not putting in .5 in the Conservation
13 Division -- and the only one I'm hurting is myself by
14 making this statement, because you may end up taking it
15 away from an area -- Ted Rauh's statement, but then if that's
16 what we're going to do, let's do it up front, and recognize
17 that we're going to do the BR, and it should be shown as a
18 line item budget.

19 CHAIRMAN IMBRECHT: Okay, Commissioner Gandara.

T.6 20 COMMISSIONER GANDARA: Perhaps as a final comment
21 on this, I may act as peacemaker here. I think there's
22 some element of concern on everybody's part here that is
23 accurate. I -- having been on the receiving end of staff
24 redirections, or vacancies, and so forth, and not being
25 kept fully apprised of them, I think I share some of

1 Commissioner Commons' concern, and I do think that there is
2 greater flexibility at times, that has been shown, where
3 there is this discretion of being able to assign people.

4 So nonetheless, I do believe there are real
5 constraints, people do leave, and some people cannot do
6 some other work, but I've seen some redirections, and
7 people acquire skills, or strongly suggest that they
8 acquire them very fast because they're assigned to that
9 job anyway.

10 So I don't think we need to belabor the point. I
11 think Commissioner Commons is just making one point, and
12 that is that the approved work plans should have primacy
13 and that I understand the staff's position. I don't think
14 there has ever been any intent by the staff to assign
15 people to work that has not been approved.

16 What I think happens more often is that the staff
17 is in receipt of demands from one Committee or another,
18 and in trying to satisfy all these conflicting requirements
19 that they assign people to where they feel that they have
20 at least the greatest demand, and a consensus among the
21 Commission.

22 What I hear Commissioner Commons saying is that
23 the preference should be, the presumption should be on the
24 approved work plans, and that perhaps we need to be kept
25 better informed of reassignments or problems and people

1 leaving, or so forth, as a Commission, as a full Commission
2 rather than as Committees, and it probably would help the
3 staff, because the staff can go away feeling that they
4 got the go ahead from everybody, and you had your say on it.

5 So, you know, I think it is a difficult situation
6 that we've been in in the past year, but that I think that
7 if we move toward that position, we don't want to -- we
8 can't possibly foresee, you know, everything that might
9 occur. So I just think that perhaps there's been an
10 overstatement of the problems, and positions and so forth.

11 I think we're all agreed on what we want to do,
12 so if we just proceed on doing that, I would just say that
13 we should just -- when these departures occur, or when
14 something is going to affect some work plan, it probably
15 is helpful at some point in time to raise it before all
16 the Commissioners, either by a memo indicating that, so
17 that everybody has an opportunity at that point in time
18 to comment as to the effect one way or the other, rather
19 than at some quarterly review and so people might feel --
20 see somebody who is redirected and has been doing work for
21 three months in some area, and I had some problems with that.
22 So, I think we can resolve it.

23 COMMISSIONER CROWLEY: Amen.

24 DEPUTY DIRECTOR SMITH: Yeah. We can do that,
25 and we can also ensure that in the monthly reports, that

1 those kinds of changes are highlighted and there's a
2 vehicle for doing that now.

3 CHAIRMAN IMBRECHT: Okay. Good summary. Anything
4 further?

5 COMMISSIONER GANDARA: I have a comment on the
6 Conservation Division.

7 CHAIRMAN IMBRECHT: Sure.

8 COMMISSIONER GANDARA: One, I'm pleased to see
9 the additional allocation in the appliance efficiency area.
10 I think that that has been a difficult area in the past
11 few years in terms of some of the budget reductions that
12 we have received. I think that the Appliance Efficiency
13 Committee and the staff is to be commended for the effort
14 that they've been expending in that area.

15 I would note that next to power pooling in terms
16 of preferred resource rankings, that conservation was
17 second, and that in conservation, the largest single amount
18 is in the appliance efficiency area, and within the
19 appliance efficiency area, the two appliances, refrigerators
20 and air conditioners, that the staff and the Committee is
21 working with is -- presents a tremendous opportunity for
22 avoidance of building plants for capacity, and I think it
23 a very cost-effective way.

24 So that I think that's an area where I think
25 that there's going to be a substantial benefit to the

1 Commission for the amount of resources that it's devoting.

2 In another area, I'd like to note that the
3 transference of the 2 PY from contingency planning to the
4 Assessments Division in a way marks the end of the
5 Conservation Division's involvement in contingency planning.
6 Rather than just letting it pass without -- just as a budget
7 exercise, I should note that Mr. Rauh and the staff is to
8 be complimented for the accomplishments of that group over
9 the past several years.

10 I think that we can point to a contingency plan
11 adopted unanimously by the Commission that is a model for
12 the rest of the states, and has been commented -- commended
13 by just about everybody that has been exposed to it.

14 The division has had under its belt a very
15 important and substantial involvement in the two very
16 important tests, the Allocation Systems Test 3 and 4. In
17 the past year it held an historic and first PADD V
18 conference. It is being transferred with the division
19 having established an emergency reserve corps that I think
20 would serve the state well should there be another
21 disruption.

22 That during that time, it has administered some
23 very significant contracts in which some pioneering work
24 has been done by MIT and others. It is transferring, I
25 think, a very important piece of work, that is unfinished,

1 the Government Revenue Impact Study. But again, I think
2 that there's a lot behind the little numbers here that
3 transfer of 2 PY that ought to be recognized by the
4 Commission.

5 So I think, again, it's a time for there to be
6 at least a transference with some recognition, and in
7 essence, a challenge for the new division, and the new
8 staff who will be working in this area.

9 CHAIRMAN IMBRECHT: I think we'd certainly join
10 in sharing that compliment. I thank you for expressing it,
11 and Mr. Kelly is listening, I don't see him present,
12 perhaps he'll take that admonition to heart as well.

13 MR. RAUH: Thank you very much. I will make
14 sure that this portion of the transcript is provided to
15 the staff people who have worked on the program over the
16 last two years. I really appreciate it.

17 CHAIRMAN IMBRECHT: Excellent. Okay, we leave
18 conservation on a relatively high note. Thank you.

19 Now we've got, I believe, small offices, general
20 counsel, and so forth.

21 DEPUTY DIRECTOR SMITH: The remaining areas,
22 essentially the Executive Office group --

23 COMMISSIONER GANDARA: Mr. Smith, excuse me, I
24 have a question before we leave this. It's a question of
25 process. Now, this past year when I undertook some of the

1 new responsibilities of the loans and grants, we at one
2 point in time had a question about what had been approved
3 in the work plans, and we were provided with a document
4 that was easily one of the most useful documents that
5 I've seen in a long time, and it was a narrative document
6 that blended the personnel allocations and the tasks for
7 those personnel and the contract dollars, and what was to
8 be accomplished under that element.

9 In other words, it was more than the work plan
10 designations, it was a translation to a narrative and I guess
11 my question is, this came from the Conservation Division.
12 My question is whether that is a document that is prepared
13 by all divisions, or whether that was a document that is
14 only prepared by conservation.

15 If it's prepared by all divisions, then I think
16 that document should be one that should be made available
17 to us, because we didn't see it, it was a very good
18 document, again, and if it isn't prepared by all divisions,
19 I think it should serve as a model, because it was -- it
20 frankly was, I think, one of the easiest to understand
21 documents.

22 It had more detail than the program plans, less
23 detail than the work plans, and integrated both the
24 contracts and the tasks of the staff.

25 DEPUTY DIRECTOR SMITH: Right. Yeah, I'd want to

1 take a look at the specific document that you're referring
2 to, but in the past, we had provided a summary, a narrative
3 summary of the work from each of the divisions. Now, I
4 don't believe that that was done for each division last year.

5 CHAIRMAN IMBRECHT: Ultimately, that probably
6 would be a useful tool, as well, in dealing with Finance
7 and the Governor's office.

8 COMMISSIONER CROWLEY: Um-hmm, it would be
9 excellent.

10 CHAIRMAN IMBRECHT: Okay, now moving right along.

11 DEPUTY DIRECTOR SMITH: In the Executive Office
12 group, we're proposing no allocation shifts, but there are
13 a couple of things I'd like to highlight before we get
14 into probably a little bit more detailed discussion and
15 that's with regard to General Counsel's Office.

16 This time last year we talked about the need
17 for long-term planning, program planning responsibilities
18 and we added positions in Executive Office to help to
19 accomplish that. We've worked over the last year, and
20 this is, I guess, one of the administrative realities.

21 At this point, we believe that we're on the verge
22 of having the classifications and the authorization for
23 those positions approved through our control agencies. We
24 expect that as we start this year that we'll have those
25 positions approved and staff on board to address some of

1 the kind of long-range issues, and also provide some
2 technical review and advisory capacity in the Executive
3 Office that we need very badly.

4 In addition, another area that I want to highlight
5 is the fact that we're targeting in our operating expense
6 allocations the funding for the Biennial Report. I believe
7 that that figure is at \$7,000 now, so as we move through
8 to the final production next spring, we've set aside the
9 funds for that.

10 Those were the two major things, and I guess I'd
11 ask if there were any questions regarding any of the other
12 small offices before we go on to general counsel.

13 COMMISSIONER GANDARA: On OGA, is there any
14 change with respect to the ability of OGA to be able to
15 address some of the federal issues?

16 DEPUTY DIRECTOR SMITH: Within OGA, the resources
17 are staying the same, but one of the additions here at the
18 Commission coming up will be our new Assistant Director,
19 Don Wallace, who will be starting the first week of August
20 and we're intending to have the Executive Office, Assistant
21 Director, myself work on a program basis, much more
22 closely with OGA and communications so that there's
23 potential there for some additional help to OGA, even
24 though we're not changing the allocations.

25 CHAIRMAN IMBRECHT: Okay. Commissioner Commons.

1 COMMISSIONER COMMONS: Even though I recognize
2 you've had some vacancies in the Executive Office, you've
3 also had the utilization of a number of people in the
4 blanket within the office so that from an operating
5 point of view, you've had pretty close to the level of
6 resources allocated by the Commission.

7 DEPUTY DIRECTOR SMITH: That was correct in
8 terms of the blanket staff for the first portion of the
9 fiscal year. In the latter portion, we've reduced that,
10 so --

11 COMMISSIONER COMMONS: However, in terms of
12 long-range planning, I think I saw one very small report,
13 there was another report that had been initiated that never
14 got released, and my concern is if we're going to have the
15 two people doing long-range planning in the Executive Office
16 that their duty and functions be doing that.

17 Otherwise, let's not have the two people in the
18 Executive Office doing long-range planning, let's allocate
19 those people to doing other work that this Commission feels
20 is important and gets done. The same statement applies
21 here as otherwise to work on approved programs.

22 The reason we added the two people to the
23 Executive Office last year was for that purpose and we're
24 not going to do long-range planning, let's reduce the
25 Executive Office to seven and allocate those two people

1 somewhere else.

2 DEPUTY DIRECTOR SMITH: Yeah, my intent was to
3 communicate that we will be doing the long-range planning,
4 but also to point out that as we add staff, and I think
5 organize the division of labor within the Executive Office,
6 we're looking to meet some very specific needs that we
7 have. We are going to be addressing the program planning
8 issues that you --

9 COMMISSIONER COMMONS: I'd like to know before
10 I finalize on this, what the intents are, since the
11 Executive Office has had a year to look at this as to
12 where they're going on long-range planning before I would
13 be ready to now vote for two based on what happened last
14 year.

15 The second area is one that might not be proper
16 with the other Commissioners that I want to raise, however,
17 it integrates with the area that's coming up on the
18 General Counsel's Office.

19 In looking at the workload on the General
20 Counsel's Office, it's obvious that it's an enormous
21 overload situation, and we have to look for remedying the
22 problem in various ways. One of the ways is to remove
23 some of the ministerial functions that are currently being
24 done by legal counsel, and seeing if there are other ways
25 of doing so.

1 The tie in that I'm looking at is one area that
2 we have not reduced as much as some other areas in the
3 Commission is the Public Adviser's Office. I'm a supporter
4 of the Public Adviser, but I feel that there may be some
5 functions that our legal counsel are currently doing that
6 could be done by that office.

7 The other possibilities, I'm not sure there's a
8 need for two legal counsel in that office, and that is
9 something we should discuss maybe after we've heard from
10 legal counsel's office. But I just throw it out as an
11 opener to legal counsel and the real problems that I see
12 us having there.

13 DEPUTY DIRECTOR SMITH: If there are no other
14 questions --

15 COMMISSIONER COMMONS: How many legal counsel
16 do we have?

17 MR. CHAMBERLAIN: Twelve including hearing
18 officers.

19 COMMISSIONER COMMONS: Including hearing officers.

20 MR. CHAMBERLAIN: Twelve.

21 COMMISSIONER COMMONS: And we have four persons
22 allocated in the Public Adviser's Office and --

23 COMMISSIONER CROWLEY: Four legal?

24 COMMISSIONER COMMONS: Four total.

25 CHAIRMAN IMBRECHT: Two --

1 COMMISSIONER CROWLEY: Two clerical, two legal?

2 CHAIRMAN IMBRECHT: No, one clerical.

3 COMMISSIONER COMMONS: And one other.

4 COMMISSIONER CROWLEY: Okay, two professional.

5 CHAIRMAN IMBRECHT: And one professional --

6 COMMISSIONER COMMONS: And I'm not sure if it's
7 a transfer of one person from that office to legal counsel
8 or --

9 CHAIRMAN IMBRECHT: One thing I would just recall
10 for you, though, that I think should be taken into
11 consideration is that last year, the Public Adviser's
12 Office assumed responsibility for the Publications Unit
13 without -- isn't that right?

14 MR. DONALDSON: I'm sorry?

15 CHAIRMAN IMBRECHT: Without -- I saw you nodding
16 the other direction -- without any PY addition.

17 MR. DONALDSON: Well, we give them assistance
18 through the permanent intermittent staff.

19 COMMISSIONER COMMONS: Yeah, but we reduced --

20 MR. DONALDSON: They were very helpful during
21 that process.

22 CHAIRMAN IMBRECHT: Do they still have responsi-
23 bility for publications?

24 MR. DONALDSON: No, sir, they do not.

25 CHAIRMAN IMBRECHT: They do not, scratch that

1 comment.

2 COMMISSIONER COMMONS: The one area that I had
3 been thinking about were all of the hearings and notices
4 which now are generally going through the legal counsel's
5 office, and either could be done by the presiding
6 Commissioner on a Committee and using their staff, or by
7 the Public Adviser's Office.

8 We're going to have to find some ways of
9 lightening the load on legal counsel, or we're going to
10 have legal counsel not supporting us on some very important
11 functions.

12 DEPUTY DIRECTOR SMITH: I think the suggestion
13 I would have is that we take some time to work with the
14 Public Adviser's Office, General Counsel's Office. We
15 would need to look at the proposal in light of an increased
16 siting workload, and we know that with an increased siting
17 workload the number of intervenors and potentially the
18 workload in Public Adviser's Office could be increased.

19 It doesn't mean that there isn't a capacity there,
20 but it means that we need to be cautious of -- about the
21 solutions to the General Counsel's shortfall. Bill has
22 explored a number of options that I believe he'll describe
23 in his presentation.

24 COMMISSIONER COMMONS: Mr. Chairman, one
25 possibility is, I think we're allowed on a Hearing Officer,

1 to have a one year T&D of a legal counsel and one
2 possibility to look at would be to move the second attorney
3 out of that office and have that person or another person
4 in legal counsel's office act as a Hearing Officer,
5 because the real burden I see is on the Hearing Officers,
6 and clearly that's our primary function at the Commission,
7 and we have 12 month schedules, and this is the area that
8 we really have to be concerned with.

9 COMMISSIONER CROWLEY: What's T&D?

10 COMMISSIONER COMMONS: Training and development.

11 CHAIRMAN IMBRECHT: Let me ask one question.

12 Our 22.4 PY increase included some legal assistance, did
13 it not, for siting?

14 MR. DONALDSON: Yes.

15 DEPUTY DIRECTOR SMITH: I believe yes, it did.

16 CHAIRMAN IMBRECHT: How much? Just roughly --

17 MR. DETER: I haven't -- roughly two person
18 years plus --

19 CHAIRMAN IMBRECHT: I would just reference you
20 on that, Commissioner Commons. Commissioner Gandara?

21 COMMISSIONER GANDARA: Commissioner Commons is
22 correct, it's not very popular area with me. I would echo
23 Mr. Smith's statement here that I think you should proceed
24 cautiously in this area. I for one feel that the Public
25 Adviser is an appointee of the Governor, nominated by us,

1 and that the Public Adviser is entitled to any exempt
2 appointment, and I don't think that whether he or she
3 chooses an attorney, or whatever other skills, that's up
4 for his or her determination, and that right now, what we
5 have, is my understanding, is the Public Adviser, the
6 Deputy Public Adviser, one other person, and some staff,
7 and that I think that the Public Adviser has always been,
8 in my mind, rather innovative in attracting, you know, new
9 sources of people and/or funding and combinations thereof,
10 and frankly, in my view, undertook some responsibilities
11 for a period of time that were administrative for the rest
12 of the Commission.

13 I would be concerned about -- as a budgetary
14 action, extending into the Public Adviser's Office the
15 administrative duties of the Commission, that if we need
16 support for those kinds of activities in the Commission,
17 we should request the budget for them. If it's in siting
18 we should request them in the BCP's for the siting, or
19 the Section 28, or whatever goes in there.

20 But that I see the Public Adviser role as a
21 very unique role for any -- for state agencies, and that I
22 think that we ought not to be considering extending it to
23 another administrative support unit for the Commission, as
24 much as it is a unit that would serve, in fact, what was
25 required by statute, and that is that it's there to serve

1 as that intermediary between the Commission and the public,
2 and that its meaning should in fact reflect that function
3 more so than the administrative support of the rest of the
4 Commission.

5 Now, clearly, there's some coordinating functions
6 there that I think are helpful, and that indeed, the
7 maintenance of the lists, of the mailing lists, and the
8 issuance of those lists are still administrative functions
9 which the Public Adviser did not used to have, which they
10 are still undertaking.

11 That's another area that I am not quite certain
12 that that should be their responsibility, but would say
13 if carrying with lesser staff than they had before. So,
14 again, as you proceed in this area, I would at least also
15 be looking at that very cautiously.

16 CHAIRMAN IMBRECHT: Okay. On to General
17 Counsel. The issue has been joined.

18 MR. CHAMBERLAIN: Let me start off by saying
19 that while I'm certainly not above considering trying to
20 rip off somebody else's resources --

21 (Laughter)

22 MR. CHAMBERLAIN: -- I hadn't really considered
23 the Public Adviser until Commissioner Commons --

24 CHAIRMAN IMBRECHT: As a target, huh?

25 MR. CHAMBERLAIN: I take it you all got our memo

1 of July 10th in which we have detailed to the best of our
2 ability how we would expect to use the 12 PY's of professional
3 resources that we have.

4 We've also pointed out that in the last fiscal
5 year, we were able to accomplish more than we expected in
6 the area of rulemaking, and other kinds of PUC proceedings,
7 BPA proceedings, principally because the siting cases that
8 were expected were delayed.

9 Those siting cases now appear to be coming in,
10 we have four in-house, and one probably coming in within a
11 month, and so we do have a quite difficult situation right
12 now. The memo of July 10th indicates the types of things
13 that we are looking at eliminating, and I can tell you
14 frankly that I certainly agree with each and everyone of
15 you that many, if not all of these are unacceptable.

16 Included, and I'll just mention a few of the
17 bigger items are insulation quality enforcement and
18 standards development, load management rulemaking, wind
19 reporting regulations, the BPA 1983 rates 7K proceeding,
20 air conditioner rulemaking, the OIR 2 case --

21 COMMISSIONER GANDARA: Bill, do you have
22 extra copies of that, I don't know if I --

23 CHAIRMAN IMBRECHT: I don't either. I recall
24 receiving it, but I don't --

25 (Pause to pass out documents.)

1 MR. CHAMBERLAIN: And the new retail and
2 restaurant standards. In addition to that, we had already
3 had to eliminate, assuming that none of these additional
4 siting cases would come in, we already had to eliminate
5 a number of items, which I believe in particular, Committees
6 shared by Commissioner Schweickart were interested in, and
7 I'm sorry that he's not here today to indicate his concerns
8 about that.

9 In response to this situation, the Executive
10 Office suggested to us that we explore any options that we
11 could for finding additional assistance on the outside, and
12 we have done that in a number of ways.

13 First of all, we have begun looking into the
14 possibility of using the \$200,000 in contract funds for
15 the BPA work. I had already intended to do that in the
16 '85 rate case, and it's possible that we might look into
17 some of the other BPA work in that connection as well.

18 I have discussed with the Attorney General's
19 Office what additional work they might be able to do for us.
20 I think -- they haven't gotten back to me yet in detail,
21 but I think that their attitude would probably be that they
22 might be interested in doing some of the PUC case work
23 for us, they might be interested in doing some of the FERK
24 or BPA work for us, but we already are in the mode of
25 handing over substantially all of our litigation to them,

1 and I don't think that they would assist us in either siting
2 case work or rulemaking, which makes up the vast bulk of
3 what we do.

4 One suggestion that was made was that perhaps
5 General Services could help us on a contractual basis in
6 doing some of the contract review work that we do here.
7 I've discussed that with the Chief Counsel at General
8 Services, and I would say that that looks like a promising
9 area, one that we should definitely explore further, and
10 I'll be doing that with Rick Donaldson and Randy.

11 That would assist us in allow us to pick up an
12 additional half PY that we now dedicate to contract legal
13 work. I guess --

14 CHAIRMAN IMBRECHT: That has another nice feature
15 in a sense, it tends to insulate us from some of the
16 contract problems we've been --

17 MR. CHAMBERLAIN: Well, the only difficulty is
18 that it may result in -- I think the contract legal work
19 that's been done here at the Commission has been sort of a
20 quiet preventive maintenance. The review tends to be one
21 that is -- because it's in-house, someone who really knows
22 the programs very well, it's one of trying to anticipate
23 problems, and solve them before they occur so that we
24 have less contracts going sour, and litigation afterwards.

25 But nonetheless, it's possible that General

1 Services could assist us in that area.

2 The only other mechanism that I could see would
3 probably involve a redirection of resources, and I don't
4 have any specific recommendations for that today. I think
5 I'll take a page from Rick Donaldson's book and say that
6 after I've explored all these other options, if we still
7 find the results to be unsatisfactory, we'll come back to
8 you with that.

9 COMMISSIONER GANDARA: Well, along with that, I
10 would just note that this is -- I guess in the years that
11 I've been here, this work plan here stands out as the
12 first time that your office has become irrelevant to any
13 of the Committees that I'm working on, and you reflect upon
14 that, and whether that, you know, will result in any
15 changes, you might then let us know later on, or at least
16 let me know.

17 But again, it does seem to me that there are
18 some substantially important areas there, and that I
19 didn't -- I wasn't approached, I guess, by you in terms of
20 what the Committee's needs might be. So that that's
21 probably one of the reasons why it worked out this way.

22 But that in any case, it just seems to me that
23 you need to reconsider some of those areas.

24 COMMISSIONER COMMONS: Commissioner Gandara,
25 though, it was felt that if there were to be any reductions,

1 you would take it so hard if it was directed at you, that
2 they made you immune from the process.

3 COMMISSIONER GANDARA: No, I'm very concerned,
4 talking about reassigning lawyers, I don't want to be
5 working down at -- as a hearing adviser.

6 (Laughter)

7 COMMISSIONER GANDARA: That's my major concern,
8 and you're next.

9 (Laughter)

10 MR. CHAMBERLAIN: Commissioner Gandara, I apologize
11 for not having gotten to you. Are you referring to the --

12 COMMISSIONER GANDARA: I haven't gotten to you --

13 (Laughter)

14 MR. CHAMBERLAIN: Gotten to you with respect to
15 the -- I take it you're talking about the fuels area, or
16 these other areas as well.

17 COMMISSIONER GANDARA: Yes, fuels.

18 MR. CHAMBERLAIN: Because we are still, I think
19 providing some services in the grants and loans area,
20 admittedly, a small amount.

21 COMMISSIONER GANDARA: We don't need to go into
22 it now, it's just that I -- in case you hadn't noticed
23 that, I did.

24 MR. CHAMBERLAIN: The indication on the biennial
25 fuels document was not intended to be an indication that

1 we would be providing no service to your Committee. It was
2 simply a matter of not knowing what, if any, legal
3 services would be required for that document, just as they
4 have not been in the past, for the Annual Petroleum Report,
5 and some of the other reports.

6 COMMISSIONER CROWLEY: Mr. Chairman?

7 CHAIRMAN IMBRECHT: Yes?

8 COMMISSIONER CROWLEY: I just would like to
9 express concern about the Hearing Adviser time allocation
10 for the Geysers 21 AFC and possibly as well, for the
11 -- I've lost it now --

12 COMMISSIONER COMMONS: Coldwater?

13 COMMISSIONER CROWLEY: Yes, Coldwater siting case.

14 MR. CHAMBERLAIN: You think it's inadequate?

15 COMMISSIONER CROWLEY: I'm not sure I think that,
16 because of my limited experience, but I do believe that it
17 is minimal. I think it errs on the side of inadequate.

18 MR. CHAMBERLAIN: Well, traditionally, I mean,
19 we're taking these, for the most part, from traditional --
20 from the amount of time that has traditionally been
21 required of similar cases. You'll notice that the Geysers
22 21 AFC has a larger allocation than most other of the
23 smaller cases and that is as a result of the recognition
24 that it's a more complicated case.

25 COMMISSIONER CROWLEY: I understand, and accept

1 that, and would also like to point out that given its
2 performance to date, I'm not sure you can call it -- I mean,
3 not sure you can draw a typical inference about it.

4 MR. CHAMBERLAIN: I agree. The allocation given
5 though is slightly more than half time for a hearing
6 adviser, and --

7 COMMISSIONER CROWLEY: Like maybe 65 percent?

8 MR. CHAMBERLAIN: Well, it's not uniform
9 throughout the year. It's two-thirds time for the ending
10 phase when the person would be writing the decision, and
11 about half time the rest of the year.

12 COMMISSIONER CROWLEY: Okay.

13 DEPUTY DIRECTOR SMITH: I'd add that the
14 Executive Office and divisions will also be reviewing the
15 detailed recommendations as we make the detailed adjustments
16 to the work plans to ensure consistency between the work
17 that's being planned in the divisions, and the support
18 needed by General Counsel. There's a feedback group there
19 that we're going to be --

20 COMMISSIONER COMMONS: I can't hear -- I didn't
21 hear.

22 CHAIRMAN IMBRECHT: What he was saying is he's
23 going to make adjustments to the work plan based upon the
24 feedback which has just been received, and then back to
25 each of us to look at.

1 DEPUTY DIRECTOR SMITH: And we'll be working
2 closely with General Counsel's Office.

3 CHAIRMAN IMBRECHT: Pardon me?

4 DEPUTY DIRECTOR SMITH: Working closely with
5 General Counsel's Office to ensure consistency between the
6 two.

7 CHAIRMAN IMBRECHT: Okay, anything further?
8 Mercifully, no. All right, we will then recess for
9 executive session immediately in the adjoining conference
10 room at which time we will stand adjourned.

11 I'm sorry, is there any member of the public,
12 I don't really see any here, that would like to address
13 the Commission on any item. Okay, hearing none, thank
14 you very much.

15 (Thereupon the business meeting of the California
16 Energy Resources Conservation and Development Commission
17 was adjourned at 3:37 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 which
5 were had and taken in Sacramento, California, on Wednesday,
6 July 18, 1984, and that the foregoing pages constitute a
7 true, complete and accurate transcription of the
8 aforementioned proceedings.

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

12
13 Patricia A. Petrilla

14 Reporter

15 Dated this 26th day of July, 1984.
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