

STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION CALIF. ENERGY COMMISSION
AND DEVELOPMENT COMMISSION

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BUSINESS MEETING

1516 Ninth Street
First Floor Hearing Room
Sacramento, California

Wednesday, October 30, 1985

10:00 O'Clock A.M.

Reported by:

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ALSO PRESENT (CONTINUED)

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Fred Thoits, Monterey Bay Unified Air Pollution Control
District
William Foley, Ex Officio, California Public Utilities
Commission

I N D E X

	<u>Page</u>
1	
2	
3	1
4	1
5	
6	
7	61
8	
9	20
10	
11	
12	1
13	57
14	
15	
16	20
17	
18	
19	23
20	
21	
22	27
23	
24	
25	37

INDEX (CONTINUED)

	<u>Page</u>
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

Agenda Item 9 - Contract, \$133,333, with Peters Shorthand Reporting Corporation to provide hearing reporter services for CEC regulatory proceedings and other meetings as necessary	53
Agenda Item 10 - Contract, \$66,667, with Video/Audio Reporting Services, Inc. (V/ARS) to provide hearing reporter services for CEC regulatory proceedings and other meetings as necessary	53
Agenda Item 11 - Approval of Minutes	54
Agenda Item 12 - Commission Policy Committee Reports	54
Agenda Item 13 - General Counsel's Report	54
Agenda Item 14 - Executive Director's Report	55
Afternoon Session	61
Adjournment	63
Reporter's Certificate	64

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. Excuse me. May I have your attention. Will
5 the meeting please come to order.

6 I ask you to all rise and join us in the Flag
7 Salute. Commissioner Crowley, would you please lead us
8 in the Pledge of Allegiance.

9 COMMISSIONER CROWLEY: I pledge allegiance to
10 the flag of the United States of America and to the
11 Republic for which it stands, one nation, under God,
12 indivisible, with liberty and justice for all.

13 CHAIRMAN IMBRECHT: Okay. Good morning. We'll
14 run thourgh a couple of housekeeping items. Item No. 1
15 we are going to take up after our luncheon recess. One
16 of the parties that's involved in that item apparently
17 has had some plane difficulties because of ground fog and
18 will not be able to arrive until later this morning.

19 Also, I believe that we can dispose of Item 4
20 rather expeditiously. I am advised that the Petitioner
21 may desire to request an extension of that item.

22 Ms. Schori, would you please come forward and,
23 for purposes of the record, we are now considering Item
24 No. 4, which is Commission Consideration and Possible
25 Granting of Petitioner petitions for the reconsideration

1 of the final decision on the Geothermal Public Power Line
2 Notice of Intention. The petitions to be considered are
3 those filed both by the Joint Owners and Harbin Hot Springs.
4 If either petition is granted, arguments regarding the
5 substance of the matter raised will be calendared for con-
6 sideration at a subsequent meeting.

7 Ms. Schori.

8 MS. SCHORI: Yes. Good morning. My name is
9 Jan Schori. I am the attorney for the Joint Owners, who
10 are the applicant in the GPPL case.

11 We are here this morning to ask that, with respect
12 to Agenda Item No. 4, the portion of that item which relates
13 to the Petition that we filed for consideration, and this
14 is not directed to the Harbin Springs petition, we would
15 like to ask the Commission to continue this to your next
16 regular business meeting.

17 We did not receive the responses that were filed
18 by PGandE and by the Energy Commission staff until yesterday
19 morning. We've had less than 24 hours to review those.
20 As you know, we are dealing with four public agencies here,
21 and I simply have not been able to get the comments of
22 my clients and have an opportunity to adequately prepare
23 a response to those petitions or to those briefs that were
24 filed in response to our petition.

25 So we would like to ask that this item be held

1 over to the next meeting.

2 CHAIRMAN IMBRECHT: All right. Fine. Does any-
3 one wish to be heard on this item?

4 MR. CHAMBERLAIN: Yes, Mr. Chairman.

5 CHAIRMAN IMBRECHT: Yes.

6 MR. CHAMBERLAIN: The only concern about that
7 is that under Section 25530 the Commission's authority
8 to reconsider a matter appears to expire 30 days after
9 the petition is filed, so I -- I have a concern that you
10 may have a jurisdictional problem if you try and push this
11 beyond 30 days, and I believe the next regularly scheduled
12 meeting would do that.

13 COMMISSIONER CROWLEY: Could it be refiled,
14 maybe, some way? Is that --

15 CHAIRMAN IMBRECHT: No. I think what he's saying
16 is that reconsideration, period, has to be considered
17 within 30 days.

18 MR. CHAMBERLAIN: There are cases that --

19 CHAIRMAN IMBRECHT: Let me offer -- ask a couple
20 of questions. If we grant reconsideration, can we later
21 rescind that action?

22 MR. CHAMBERLAIN: Yes.

23 CHAIRMAN IMBRECHT: Okay. Can we suspend our
24 regulations, or is there any waiver provisions for those
25 -- that's part of the regulations.

1 MR. CHAMBERLAIN: That's part of the statute.

2 CHAIRMAN IMBRECHT: That's part of the statute.

3 MR. CHAMBERLAIN: Yes.

4 CHAIRMAN IMBRECHT: Obviously we cannot.

5 COMMISSIONER CROWLEY: May I ask a question?

6 CHAIRMAN IMBRECHT: Commissioner Crowley.

7 COMMISSIONER CROWLEY: Is the applicant only
8 entitled to petition once, or may they resubmit a petition
9 that would then run another 30 days?

10 MR. CHAMBERLAIN: According to the statute, they
11 must petition within 30 days after the adoption of the
12 decision or order by the Commission, and I'm sure that
13 30-day period has run by this time.

14 CHAIRMAN IMBRECHT: What is the section you're
15 referring to of the statute?

16 MR. CHAMBERLAIN: Section 25530. This is of
17 some concern because there are cases that suggest that
18 an agency has no authority to reconsider a quasi-judicial
19 action unless it is specifically granted by statute. We
20 have a specific grant of authority by statute, but the
21 statute specifically limits it in time.

22 And so the concern that I would have would be
23 that if you went beyond the 30-day period you might not
24 have the power to reconsider it at a later time if you
25 wanted to.

1 MS. SCHORI: Could I briefly respond, as every-
2 one is reading the section here.

3 CHAIRMAN IMBRECHT: Yes. Ms. Schori.

4 MS. SCHORI: One possibility that occurred to
5 me, in light of the General Counsel's concern, would be
6 that the Commission does have the authority, I believe,
7 or at least in the past on other licenses they have con-
8 sidered and accepted or denied modifications to decisions
9 that had been made previously.

10 So that I do not want this procedural problem
11 under this section, and the fact that the petition right
12 now is titled a Petition for Reconsideration, to stand
13 in the way of our ability to be able to move this just
14 two weeks to the next meeting.

15 If you would like us to retitle it as Petition
16 for Modification of a requirement contained in the final
17 decision, if there's -- you know, if there's some pro-
18 cedural mechanism by which we can change the title and
19 still accomplish the end goal, I have no objection to that.
20 We'd be happy to retitle this.

21 Rather than calling it a Petition for Reconsidera-
22 tion, we would be happy to call it a Petition for Modifi-
23 cation of an Adopted Condition, or whatever you would like.

24 CHAIRMAN IMBRECHT: I would assume you're not
25 seeking to overturn the principal findings in the --

1 MS. SCHORI: No.

2 CHAIRMAN IMBRECHT: -- notice of intent.

3 MS. SCHORI: We're trying to change one condition
4 in one section. That's all.

5 CHAIRMAN IMBRECHT: Mr. Chamberlain?

6 MS. SCHORI: I don't know if that would work,
7 though.

8 MR. CHAMBERLAIN: Well, we have -- we have
9 accepted modifications of licenses where it's been shown
10 that there's been some change in circumstances that wasn't
11 anticipated at the time the license was -- was granted.
12 This is a somewhat different situation in which you have
13 a preliminary decision, the NOI decision, and then the
14 actual licensing decision will come at a later time, and
15 the question is whether certain information will be --
16 will have to be submitted in order to proceed to that
17 licensing stage.

18 My only concern with attempting to change the
19 title is that it makes it look like we're just changing
20 the form, and the substance really is that it's still a
21 petition for reconsideration.

22 I'm only giving you this advice as a -- sort
23 of a precaution that if you wish to preserve your juris-
24 diction you may be able to grant the petition for recon-
25 sideration for the sole purpose of allowing later argument

1 on whether it's really appropriate to reconsider; that
2 is whether -- whether there is -- or whether there have been
3 changed circumstances to warrant reconsideration at a later
4 time.

5 CHAIRMAN IMBRECHT: That was in essence the reason
6 for my question as to whether or not we could rescind a
7 later granting of -- or rescind a granting reconsideration,
8 and in essence simply grant it on a pro forma basis today
9 to preserve the opportunity for this to be argued in depth
10 at the next business meeting.

11 And with the perspective that if in fact the
12 Commission did not on the merits choose to reconsider,
13 that we would simply rescind the action we took today,
14 which I think would be another way out of this -- this
15 box.

16 Mr. Ratliff, did you want to --

17 MR. CHAMBERLAIN: You could -- I'll let
18 Mr. Ratliff speak for the staff, but -- you could do that,
19 but, of course, then it would take a majority of the
20 Commission to reverse what you did today, although it would
21 also take a majority of the Commission to actually grant
22 any relief to the Applicant, so, in essence, there --

23 CHAIRMAN IMBRECHT: It's hard for me to see how
24 the --

25 MR. CHAMBERLAIN: There isn't a lot of difference.

1 CHAIRMAN IMBRECHT: -- the prerogatives of any
2 majority that could be constructed in the Commission are
3 compromised by that approach.

4 MR. RATLIFF: Mr. Chairman, if I may --

5 CHAIRMAN IMBRECHT: Okay. Yes. Mr. Ratliff.

6 MR. RATLIFF: It's not clear to the staff why
7 reconsideration should be delayed at this point. The staff
8 and PGandE's briefs appear to me to merely address the
9 issues that were raised in the petitions by the Joint
10 Owners, and raise no new legal arguments or complex issues,
11 but merely respond to those that have been raised.

12 So, from our point of view, it's simply not neces-
13 sary to delay this proceeding.

14 If in fact the Joint Owners are suggesting that
15 they want to produce or present new argument on this issue,
16 we would request that, if the Commission does delay this
17 reconsideration, that it request that the Joint Owners
18 provide other parties with what arguments they indeed are
19 going to produce at any future hearing for the petition.

20 MS. SCHORI: May I briefly respond?

21 CHAIRMAN IMBRECHT: Yes.

22 MS. SCHORI: We filed our motion on October 4th.
23 The staff and other parties had an opportunity to review
24 that. We did not receive any responses until October 29th,
25 and we are now being asked to respond to those responses

1 with less than 24 hours preparation time, and I simply
2 have not had an opportunity to confer with my clients on
3 the position that they wish to take in those briefs, and
4 I think it's unreasonable to ask us to go forward today.

5 CHAIRMAN IMBRECHT: What was the date that we
6 took action on GPPL?

7 MR. CHAMBERLAIN: August 13th.

8 MS. SCHORI: I think August 13th, and it was
9 docketed --

10 CHAIRMAN IMBRECHT: August.

11 MS. SCHORI: -- I think on the 6th of September.

12 MR. CHAMBERLAIN: According to our regulations,
13 the date from which the 30 days begins to run is the date
14 that the decision is docketed.

15 CHAIRMAN IMBRECHT: And it was docketed when?

16 MS. SCHORI: September 6th, as I recall, right
17 in that vicinity.

18 CHAIRMAN IMBRECHT: I see. So we're missing
19 a 60-day period by approximately one week, is what it boils
20 down to, if we were to extend.

21 Well, I have to say, I mean, in all honesty,
22 from a due process perspective, it does seem unreasonable
23 to expect a response with only one day --

24 MR. RATLIFF: May I explain that?

25 CHAIRMAN IMBRECHT: Certainly.

1 MR. RATLIFF: The Joint Owners requested that
2 staff hold a workshop prior to the -- to this hearing on the
3 matter, and the purpose of that workshop was to present
4 their Appendix A to the staff, and to -- to convince the
5 staff that they would be giving us materials that were
6 useful in the proceeding early enough.

7 We did not want to respond prior to having heard
8 them out at that workshop. That workshop was delayed until
9 last Friday, and we filed as quickly as we could afterwards,
10 and I would just submit again that -- that our response
11 is in -- is clearly in response to their petitions and
12 the issues that they have raised.

13 We have not raised any convoluted or difficult
14 legal arguments. I see no reason why we should not be
15 able to go forward now.

16 CHAIRMAN IMBRECHT: So much for a quick disposal
17 of this matter.

18 One final question, Mr. Chamberlain. Do we have
19 anything in our regulations that contemplates a petition
20 for modification beyond that which you have described?
21 Are there sections that speak to this specifically?

22 MR. CHAMBERLAIN: I don't believe there are any
23 in the current regulations. I believe that was one thing
24 that we were taking up. The Power Plant Siting Committee
25 was taking that up as part of its review of the regulations,

1 but I couldn't tell you right now whether -- whether that
2 made the last cut or whether that's something to come
3 in the future.

4 The statute has a -- a Section 25534 that relates
5 to amendment or revocation of certification, and gives
6 various reasons for that, which -- most of which are fairly
7 -- in other words, violations of the -- of the license,
8 or material false statements, and that sort of thing, but
9 we did some research -- this was about three years ago,
10 that -- and some analysis of the statutes that suggested
11 that, since an applicant could always file a new AFC for
12 a different kind of project, and simply incorporate what
13 had happened before in the new AFC, that the kinds of minor
14 changes that were coming up which were indeed warranted
15 by changed circumstances since license had been granted,
16 would also be possible on a shorter time frame, and that
17 was the basis for our analysis.

18 CHAIRMAN IMBRECHT: Okay. Mr. West, do you wish
19 to be heard on this?

20 MR. WEST: If I may, Mr. Chairman, we're all
21 caught short on time, I guess. I -- just from PGandE's
22 standpoint, we are certainly amendable to a continuance.
23 I would be hesitant to agree to a procedure in which there
24 is some sort of a -- some sort of a threshold has been
25 crossed as substantively as I think the Chairman has

1 suggested by way of granting the reconsideration.

2 It seems to me that that has -- that you do cross
3 a threshold there.

4 I will only point out that, by way of time, that
5 I was only informally advised I think by one of the other
6 intervenors in this matter on about the -- Thursday, the
7 17th or Friday the 18th, that this matter was going to
8 come on to hearing today, and I believe it was only on
9 Monday the 21st or Tuesday the 22nd that I received the
10 Commission's agenda.

11 At that time, being busy with other matters,
12 it was only until Friday, the 25th, that I was able to
13 get my petition -- or my response in the mail, and it was
14 mailed on last Friday. Why it took until Tuesday to reach
15 the Joint Applicant's attorney I don't know, but we're
16 all cut short on time, and I'm just pointing out that from
17 our standpoint, PGandE's standpoint, we did not have much
18 notice as to this hearing either.

19 CHAIRMAN IMBRECHT: Let me stress the approach
20 that I was suggesting would not contemplate -- and I would
21 want to state as firmly as possible for the record, that if
22 there had been any substantive showing whatsoever to justify
23 the granting of reconsideration, it would be done for purely
24 procedural purposes in order to accomplish the intent that
25 you state.

1 As I understand it, you do not object to an
2 extension to the 13th, and the business meeting will be
3 held that day. With the full understanding that it would
4 be -- it would remain incumbent upon the Petitioner to
5 meet all of the burdens that are contemplated in a recon-
6 sideration, and I would be the first to vote to rescind
7 if that were not the case.

8 So, in essence, we would simply be reversing
9 the process in November, but it would have the same prac-
10 tical effect, and I want to offer that assurance to you.

11 MR. WEST: I can only confess my ignorance of
12 this Commission's procedures. Looking at the regulations,
13 it does seem like this is a two-step process in this matter,
14 which I assume is some sort of a prima facie showing that
15 the matter should be argued substantively at this hearing,
16 and then a later substantive matter, on that sort of basis.
17 Particularly, I can understand, you know, the -- the Joint
18 Owners' position in this matter, and from a time stand-
19 point PGandE will stay neutral as to this aspect of it.

20 CHAIRMAN IMBRECHT: Mr. Ratliff, do you have
21 a position of staff on that basis?

22 MR. RATLIFF: Yes. The Executive Director has
23 informed me that the staff will not oppose an extension
24 of time, but that would be with the provision that if new
25 argument is introduced in the case we would like to be

1 warned of it in advance. Something beyond their petition,
2 in other words, we would like to have --

3 CHAIRMAN IMBRECHT: Ms. Schori, can you agree
4 to that?

5 MS. SCHORI: Yes. Would this be scheduled at
6 the -- the next regular business meeting, which I assume
7 is on a Wednesday?

8 CHAIRMAN IMBRECHT: That's correct.

9 MS. SCHORI: It would be my effort, then, to
10 try and file a written response by the prior Friday, and
11 we have always hand-delivered to the staff, so they would
12 have it --

13 CHAIRMAN IMBRECHT: Is that acceptable?

14 MS. SCHORI: -- sufficiently in time.

15 CHAIRMAN IMBRECHT: All right.

16 MR. CHAMBERLAIN: Mr. Chairman, let me just
17 clarify for everyone, also, that if you proceed to do this,
18 that is to grant the petition, your consideration of the
19 petition must occur, according to the regulations, within
20 30 days after you've granted the petition, and the failure
21 to -- the failure of a majority of the Commission within
22 that period to vote affirmatively to modify the decision
23 will result in the decision standing as it does today.

24 So, in essence, there won't be a need for a
25 rescission of the reconsideration vote.

1 CHAIRMAN IMBRECHT: I see.

2 MR. CHAMBERLAIN: If you simply don't get a
3 majority to change the license -- or to change the deci-
4 sion, then it stands.

5 CHAIRMAN IMBRECHT: I think that's an important
6 point. In essence, reconsideration does not determine
7 the outcome of the matter. It simply is in essence going
8 through the pro forma methods by which it's returned to
9 the Commission for consideration. It's as simple as that.

10 In my prior life we used to grant this almost
11 as a courtesy, and then it was incumbent upon the proponent
12 to meet a burden on the subsequent vote as to whether or
13 not there would be a change in the outcome before the
14 Committee, and I think we can approach it from the same
15 perspective.

16 All right. Comments from my colleagues? Do
17 you have --

18 COMMISSIONER CROWLEY: No, but I would like to
19 have you state --

20 CHAIRMAN IMBRECHT: In essence, what we would
21 do is --

22 COMMISSIONER CROWLEY: -- what our --

23 CHAIRMAN IMBRECHT: -- we would grant the petition
24 for reconsideration.

25 As Mr. Chamberlain just indicated, however, that

1 simply, and it also, if you read the agenda notice, con-
2 templates that we were not going to deal with this matter
3 on a substantive basis anyway, so --

4 COMMISSIONER CROWLEY: So, the 13th, it would
5 be --

6 CHAIRMAN IMBRECHT: -- I think what we would
7 contemplate is, on the 13th, we're going to deal with this
8 matter substantantively --

9 COMMISSIONER CROWLEY: Substantively.

10 CHAIRMAN IMBRECHT: -- and if we take no action
11 the practical matter is that the petition to reconsider
12 has not been granted. Okay?

13 All right. So with that, do I hear a motion?

14 COMMISSIONER NOTEWARE: I'll so move.

15 CHAIRMAN IMBRECHT: All right. Moved by
16 Commissioner Noteware.

17 COMMISSIONER CROWLEY: Second.

18 CHAIRMAN IMBRECHT: Seconded by Commissioner
19 Crowley, that the petition for reconsideration be granted,
20 but with the stipulations that we've made as part of this
21 record.

22 Is there objection to a unanimous roll call?

23 COMMISSIONER COMMONS: A question. Is this a
24 procedural item, or a substantive item?

25 CHAIRMAN IMBRECHT: Procedural, and this will

1 -- the substantive issues involved will be considered at
2 the next business meeting.

3 COMMISSIONER CROWLEY: For GPPL only --

4 CHAIRMAN IMBRECHT: For --

5 COMMISSIONER CROWLEY: -- that we are dealing
6 with.

7 CHAIRMAN IMBRECHT: That's right. This is for
8 the Joint Owners' petition only, and we will take up the
9 Harbin Hot Springs matter next.

10 Okay. Is there objection to a unanimous roll
11 call?

12 Hearing none, "Aye's" four, "No's" none. The
13 motion is carried.

14 And then I'll direct the Executive Director to
15 calendar this for November 13th for substantive considera-
16 tion.

17 Mr. Geringer.

18 MR. GERINGER: I would just like to make sure
19 for the record that is it clear that any additional briefs
20 that will be filed will be served on all parties?

21 CHAIRMAN IMBRECHT: I think that we should make
22 that clear.

23 Ms. Schori, did you understand Mr. Geringer's
24 point?

25 MS. SCHORI: No. I'm sorry.

1 CHAIRMAN IMBRECHT: Any additional briefs should
2 be filed on all parties.

3 MS. SCHORI: Yes.

4 CHAIRMAN IMBRECHT: All right. Fine.

5 Commissioner Commons.

6 COMMISSIONER COMMONS: Yes. Mr. Chairman, I
7 will not participate in the substantive portion of this.
8 I've talked with legal counsel, and I personally do not
9 feel I have a conflict of interest. However, Jerry Fontes
10 has joined my staff since the time we heard GPPL. Her
11 husband is an officer with NCPA, and I think just in terms
12 of propriety for the Commission that it's probably better
13 for appearances purposes that I not -- that I not partici-
14 pate.

15 I want to make it clear that I've never discussed
16 the case with her. She is assigned to no more than
17 California siting cases in our office, that this will not
18 be an ongoing policy concerning Northern California cases,
19 but I think in this instance, since -- since she did join
20 my staff at the time we have the petition that -- on a
21 substantive basis, that I just will abstain from participa-
22 tion.

23 CHAIRMAN IMBRECHT: That is your prerogative.
24 Appreciate your making that statement.

25 All right. That disposes of the Joint Owners'

1 petition, Item No. 4.

2 Is there a representative here from Harbin Hot
3 Springs?

4 (No response.)

5 CHAIRMAN IMBRECHT: I'm not sure how we even
6 proceed under those circumstances, since there's a --

7 COMMISSIONER CROWLEY: Sure.

8 CHAIRMAN IMBRECHT: Are you in a position,
9 Mr. Heath, to represent the Petitioner's interest?

10 MR. HEATH: No, Mr. Chairman, I am not.

11 CHAIRMAN IMBRECHT: All right. Fine.

12 MR. HEATH: I haven't had any instructions from
13 the Public Adviser, and --

14 CHAIRMAN IMBRECHT: Okay. Fine. Well, then,
15 we'll simply continue this item for the rest of today's
16 business meeting, and if there is no one present to argue
17 it later, I presume that that disposes of the item, since
18 it must be considered within 30 days.

19 All right. Now we'll return to our agenda, and
20 the first actual item to come before the Commission is
21 Consideration and Possible Acceptance of the American
22 Cogeneration Project Application for Certification sub-
23 mitted on September 20, 1985, by Basic American Foods.

24 (Agenda Item 2 under separate cover.)

25 CHAIRMAN IMBRECHT: I'm going to defer action

1 on -- well, obviously Item 3 we don't need to deal with
2 today. That will be before us then on the 13th as well.

3 The next item to come before us is Item 5, which
4 is Consideration and Adoption of -- Possible Adoption of
5 an Order instituting hearings to acquire and analyze
6 information on topics to be addressed in the 1986
7 Conservation Report.

8 The California Public Resources Code, Section
9 25401.1 directs the Commission to prepare a biennial
10 Conservation Report on conservation trends and opportuni-
11 ties in California. The Conservation Program Committee
12 has identified several issues central to the development
13 of the report to be addressed by hearings conducted under
14 this Order.

15 Mr. Chamberlain. I'm sorry. Mr. Ward. I'm
16 looking right at you. Excuse me.

17 EXECUTIVE DIRECTOR WARD: Yes. Mr. Chairman,
18 the Presiding Member of the Policy Committee may like to
19 speak to this. This is basically taking some of the issues
20 that came out of the preliminary Conservation Report and
21 providing an order for hearings to result from that in
22 a timely way to significantly impact the preparation and
23 development of the first Conservation Report.

24 CHAIRMAN IMBRECHT: Commissioner Crowley.

25 COMMISSIONER CROWLEY: Yes, and we will in the

1 future have more pinpointed questions and agendas for each
2 -- for instance of workshops or hearings, and so this is
3 just the original basic format.

4 CHAIRMAN IMBRECHT: Does anyone wish to be heard
5 on this item?

6 Commissioner Crowley, I assume that's a motion?

7 COMMISSIONER CROWLEY: That is indeed.

8 CHAIRMAN IMBRECHT: Moved by Commissioner Crowley.
9 Do I hear a second?

10 COMMISSIONER COMMONS: I --

11 CHAIRMAN IMBRECHT: Seconded by Commissioner
12 Commons.

13 Commissioner Commons.

14 COMMISSIONER COMMONS: I do have two amendments
15 I would like to propose to the -- to the order.

16 On page 1 under Hearing Topics, the first --
17 the first bullet, to identify and evaluate conservation
18 research and development efforts, I would like to add the
19 words "and the technology transfer process."

20 In that same section it then further says, "In
21 order to avoid unnecessary duplication of effort," I would
22 like to add, comma, "to ascertain barriers and constraints."

23 Then on Item No. 3, to further identify -- this
24 is at the end of Item 3 -- to further identify policies,
25 regulations and other factors which are resulting in

1 conservation being treated in a different manner than
2 other supply options, thereby increasing the cost of energy
3 in California.

4 And then I'd like to add in Item 6, "to further
5 consider any other issues that are relevant to the
6 Conservation Report as determined by the Conservation
7 Programs Committee."

8 CHAIRMAN IMBRECHT: Is that -- do you object
9 to those amendments?

10 COMMISSIONER CROWLEY: I don't object to them.
11 I don't think that they are substantive enough to object
12 to, because I think they could all be folded into the
13 agendas of the appropriate workshops --

14 CHAIRMAN IMBRECHT: I would agree.

15 COMMISSIONER CROWLEY: -- or hearings, but per-
16 haps staff has some comment on that.

17 MR. SLOSS: No. That's fine.

18 CHAIRMAN IMBRECHT: I think we're really talking
19 semantics, and what we all read into these phrases anyway.
20 I personally think there's more than adequate discretion
21 here within this order of the Committee to do the things
22 you're talking about, but I have no objection to it either,
23 so we'll take that as a friendly amendment.

24 Commissioner Noteware, do you wish to be heard?

25 COMMISSIONER NOTEWARE: Well, I feel that the

1 wording that you're suggesting for Item No. 3, Commissioner
2 Commons, tends to sound a little bit too editorialish for
3 this type of an order.

4 COMMISSIONER COMMONS: You're referring to the
5 last six words --

6 CHAIRMAN IMBRECHT: That's right.

7 COMMISSIONER COMMONS: -- thereby increasing
8 the cost?

9 CHAIRMAN IMBRECHT: That's right.

10 COMMISSIONER COMMONS: I have no objection to
11 deleting that.

12 CHAIRMAN IMBRECHT: All right. Fine.

13 COMMISSIONER NOTEWARE: I'd feel more comfortable
14 without that in.

15 CHAIRMAN IMBRECHT: You're stating a conclusion
16 there that I think we ought to leave to the Committee to
17 consider.

18 COMMISSIONER COMMONS: Leave -- leaving out those
19 few words.

20 CHAIRMAN IMBRECHT: Okay. All right. Does any-
21 one wish to be heard on this item?

22 Is there objection to the unanimous roll call?

23 Hearing none, "Aye's" four, "No's" none. The
24 motion and the order is adopted.

25 Item No. 6 is Consideration and Possible Approval

1 of a calculation method to account for the energy use of
2 crankcase heaters in air conditioners and heat pumps, pur-
3 suant to a request from the Southern California Gas Company.

4 Mr. Ayres, would you come forward.

5 Let me just notice for the members of the
6 Committee that we will be meeting in Executive Session
7 during the luncheon recess, and we will do that in my
8 office about ten minutes after we take recess. I want
9 to allow everyone to get some food.

10 Okay. Mr. Ayres.

11 MR. AYRES: Thank you, Commissioner.

12 For the record, my name is Jeff Ayers, and I
13 represent the Southern California Gas Company.

14 I believe, to start off with, I would like to
15 commend the staff for bringing this issue before the
16 Commission at this time. It's been a long, drawn-out issue,
17 as I think you recognized in the background, that was pro-
18 vided in the staff's report.

19 The Gas Company, the Southern California Gas
20 Company fully agrees with the staff's report. However,
21 in order to reach a concensus with all the interested and
22 affected parties, a meeting was conducted yesterday
23 between the major participants, the major manufacturers,
24 among those Lennox, Trane, Carrier who was not there was
25 later advised of our compromise position and approved,

1 ARI, and the California Building Industry Association,
2 CBIA, and others, but those were the major parties and,
3 of course, ourselves, Southern California Edison, and the
4 Sacramento Municipal Utility District were there.

5 As a result of that meeting and a few smaller
6 meetings subsequently, a compromise position, which I
7 believe reflects the true intent of our original proposal
8 and that of all the parties that contributed, was struck.
9 I believe that Commissioner Commons and Commissioner
10 Noteware have a copy of a summary that was provided by
11 Joseph McGuire of the Air Conditioning and Refrigeration
12 Institute. That reflects the agreement that I believe
13 we've reached.

14 The Gas Company fully supports that compromise
15 position, and would encourage the Commission to adopt the
16 proposed staff report with those what I believe to be minor
17 compromise adjustments to the table and the default value.

18 I believe in essence that is all I have to say.

19 CHAIRMAN IMBRECHT: Mr. Ward, on behalf of the
20 staff?

21 EXECUTIVE DIRECTOR WARD: Yes, Mr. Chairman.

22 I was briefed on this last evening, and if in fact what
23 Mr. Ayres is referring to is conceptually consistent with
24 what I understand the Commissioners had agreed to in this
25 compromise that involved all the various facets and

1 interests concerned here, then I'm in agreement.

2 CHAIRMAN IMBRECHT: Would you care to make a
3 motion?

4 COMMISSIONER NOTEWARE: I move for its accep-
5 tance.

6 CHAIRMAN IMBRECHT: All right. Is there a
7 second?

8 COMMISSIONER COMMONS: Second.

9 CHAIRMAN IMBRECHT: Seconded by Commissioner
10 Commons. Is there further discussion?

11 Does anyone else wish to be heard?

12 COMMISSIONER COMMONS: Do we have what the motion
13 is?

14 CHAIRMAN IMBRECHT: It's to accept the new cal-
15 culation method for heat pumps with gas furnaces.

16 COMMISSIONER COMMONS: Yes. Do we have the --

17 CHAIRMAN IMBRECHT: Or heat pumps --

18 COMMISSIONER COMMONS: Do we have the specific
19 language before us so that there is not an ambiguity to
20 make sure that what we are adopting is actually what was
21 resolved yesterday?

22 COMMISSIONER NOTEWARE: It's my understanding
23 that it's Items 1, 2 and 3, and spelled out on the memo
24 from Joseph McGuire. Is that not right?

25 MR. AYRES: That is correct. And the attached

1 table which I believe correctly reflects the adjustment
2 to the table.

3 CHAIRMAN IMBRECHT: That will be encompassed
4 within the order.

5 Is there objection to a unanimous roll call?

6 Hearing none, "Aye's" four, "No's" none. The
7 motion is carried, and the order is adopted.

8 Item No. 7 to come before the Commission is
9 Consideration and Possible Direction to the 1986 Draft
10 Electricity Report Committee to oversee staff implementa-
11 tion of the '85 Electricity Report.

12 EXECUTIVE DIRECTOR WARD: Mr. Chairman, this
13 is an item that has been extended on three previous occa-
14 sions to the full Commission. I believe all Commissioners
15 at this point, for the first time I can say, have been
16 briefed on what the staff has done and what the staff is
17 planning to do in the siting process for the remainder
18 of ER-5.

19 I have not had any comments back that the direc-
20 tion that we were taking was incorrect, ill conceived,
21 other ideas need to be considered, or otherwise. I think
22 we all recognize the ER-6 Committee has a major task in
23 front of it, in that we are going to be doing a lot of
24 learning over the next some months dealing with ER-5 and
25 its implementation, given the -- the consequences of need

1 that we're well aware of.

2 And so I would simply indicate that we have --
3 we have turned over a number of issues to the ER-6
4 Committee for long-term consideration, and even subsequent
5 Electricity Report committees, and that is now with the
6 Committee, and it's their prerogative as to how they are
7 going to deal with them in the short term. I believe there
8 is a general understanding of what we are planning on do-
9 ing.

10 CHAIRMAN IMBRECHT: Commissioner Commons, this
11 was your item. Do you wish to pursue it at this point,
12 or are you satisfied with the --

13 COMMISSIONER COMMONS: No. Every siting case,
14 Mr. Chairman, that I'm on is held up, is delayed. There
15 have been no resolutions of any of the issues, no essential
16 implementation of ER-5 at this time. Our siting process
17 I believe is -- on the need assessment issue is coming
18 to a halt.

19 I don't think the outside world understands how
20 the Commission is intending to implement the ER-5. The
21 few times in the ER-6 Committee, which does not have juris-
22 diction to implement ER-5, matters come up, we essentially
23 find that we come into an ex parte situation very, very
24 rapidly, even looking at long-term solutions in terms of
25 where ER-6 ought to go.

1 I think it's causing a tremendous amount of
2 thrashing about within the Commission, delay, overwork, and
3 the problem, we are now roughly six months into the year,
4 we have still not received the 90-day update as requested
5 in ER-5.

6 I know of no six-month update on LTBA. We have
7 a number of issues that are -- we have asked for informa-
8 tion and briefings within the cases, and essentially we
9 are not able to process right now even an SPPE within the
10 135-day deadline, because we just have not been able to
11 break the barrier and proceed.

12 EXECUTIVE DIRECTOR WARD: Well, I would --

13 COMMISSIONER COMMONS: And when the -- when the
14 Committee --

15 EXECUTIVE DIRECTOR WARD: I would like to
16 comment, Commissioner --

17 COMMISSIONER COMMONS: When the --

18 EXECUTIVE DIRECTOR WARD: -- when you're -- when
19 you complete your statement.

20 CHAIRMAN IMBRECHT: So what's your proposed resolu-
21 tion, Commissioner Commons?

22 COMMISSIONER COMMONS: Well, I think the -- it's
23 the only area in the Commission where we don't have some
24 type of Committee oversight where we have two of five
25 members of the Commission digging in and trying to solve

1 a problem with the Commission and bring resolution of those
2 items to the Commission.

3 We just finished hearing an item, for example,
4 where Commissioner Noteware and myself I think spent some
5 time and effort and, rather than having to sit here for
6 three hours and going over it, we have a committee working
7 with a group of parties who are able to try to resolve
8 issues.

9 When you have a Commission as a whole or a staff
10 that doesn't have the authority to maybe take action,
11 oftentimes when a committee can come together and say,
12 you know, this is the way we like it, you start off with
13 two votes, and you're more likely to resolve.

14 EXECUTIVE DIRECTOR WARD: Well, Commissioner,
15 I would say that in fact in the majority of instances a
16 number of the implementing factors in the Electricity
17 Report that we adopted on the 15th of May will be handled
18 in individual cases, and come back to the full Committee
19 -- or the full Commission.

20 So you're -- you're going to have each
21 Commissioner in here in fact passing some determination
22 as to whether that's been implemented correctly either
23 by the staff or the committee that dealt with the issue.

24 COMMISSIONER COMMONS: Well, one of the -- one
25 of the concerns is, like you, Mr. Chairman, and all of

1 us, none of us sit on all of the siting cases, and I think
2 probably the most important thing in the siting process
3 is that we have consistency from one case to the next case,
4 and I certainly don't sit down and talk with each of the
5 Commissioners in terms of the policies in a particular
6 case that I'm involved with with every Commissioner, and
7 there's no way that all of us or any of us have the time
8 to do so.

9 And there's no one Commissioner I think that
10 has a full understanding or comprehension on all of the
11 issues as to what the will of the full majority of the
12 Commission is, and so we can have cases coming forward
13 where we have had hearings covering some issues and not
14 other issues, and what we will have is a problem that will
15 essentially come before the Commission, probably not to
16 a great extent this year, it will really fall on you all
17 next year, and it's going to make it more difficult for
18 you to thrash out if we don't have some consistent guide-
19 lines in terms of how we are going to implement and deal
20 with this.

21 CHAIRMAN IMBRECHT: Well, let me respond,
22 Commissioner Commons.

23 After having had this briefing, I might say that
24 I think it's one of the -- that the briefing at least I
25 had was the best that I had heard from the staff. It was

1 comprehensive, it was cohesive, it was logically organized,
2 et cetera, and I understood it.

3 And I am of the judgment that, frankly, unless
4 an individual Commissioner wishes to bring to the full
5 Commission for consideration objection to that which was
6 outlined, and I personally don't intend to do that at this
7 juncture, that we in essence take the staff's approach
8 as they have evolved it, and I think after multiple con-
9 sultations with all of us, and certainly with you and me,
10 I think, in a greater extent than other members simply
11 because of our membership on the ER-5 Committee, that I
12 think that the practical impact would be that this would
13 be the approach.

14 I'm comfortable with it, and I believe that they
15 have in essence correctly segregated out those issues that
16 do represent longer-term considerations that are appro-
17 priate, to in essence put on the plate for the ER-6
18 Committee, and that will have to be resolved in the con-
19 text of ER-6, which was I think really our original con-
20 templation in ER-5, that there were some issues that were
21 in fact going to take an evolutionary period to adjust,
22 I guess would be the best way to describe it, and there
23 are others which can be resolved in the individual siting
24 cases.

25 I don't see what the dilemma or difficulty is

1 at this juncture.

2 COMMISSIONER COMMONS: Well, first of all --

3 CHAIRMAN IMBRECHT: And I'm not aware of cases
4 being delayed either, and I wanted to stress that that's
5 one Commissioner speaking only, and certainly not the
6 entire Commission.

7 COMMISSIONER COMMONS: I don't believe you pre-
8 side on any cases that have any schedule deadlines coming
9 up at the current time. I think the -- well, that's a
10 different --

11 CHAIRMAN IMBRECHT: Yes, that's a different mat-
12 ter.

13 COMMISSIONER COMMONS: That's a different issue.

14 CHAIRMAN IMBRECHT: I try to stay informed about
15 the totality of what goes on around this place.

16 COMMISSIONER COMMONS: Well, the -- if we have
17 a document that you may like, which I'm not even sure what
18 the document is, there's certainly a number of applicants
19 before the Commission that are totally unaware of the fact
20 that there may be a document or a set of implementing
21 guidelines.

22 You may have one -- one viewpoint as to what
23 that entails. Someone else may have a different viewpoint.
24 I think at minimum there should be, similar to the order
25 that we had on escrow, and these are guidelines and

1 procedures that we intend to follow in the implementing
2 of ER-5, and they should be brought before the Commission,
3 and they should be adopted as implementing guidelines to
4 ER-5, and then all Commissioners would be working under
5 a similar set of guidelines, which would bring about con-
6 sistency, and all applicants would then be aware of the
7 policy guidelines that we're using in implementing the
8 -- in implementing.

9 And the issue is not whether or not we do some-
10 thing to a committee. I think the issue is the outside
11 world does not perceive how we are implementing the ER-5
12 policy, and they have a right to know what that is, and
13 that should be brought forth to the public and adopted
14 as implementing guidelines by the Commission.

15 CHAIRMAN IMBRECHT: Mr. Ward.

16 EXECUTIVE DIRECTOR WARD: Well, frankly, I'm
17 taken back a little bit, Commissioner, because this is
18 a bit of a surprise to me.

19 In the context of the information the staff has
20 provided you on how we see the implementation to take place
21 of ER-5, I have not had any comments specifically, and
22 that's not saying your comments aren't fair or rational,
23 I'll comment on that in a minute.

24 I'm saying that I have not had any comments that
25 somehow it was attempting to avoid a public process, which

1 I sense is the insinuation here. LTBA, in fact we are going
2 to have a workshop where all people -- all applicants are
3 going to be involved, within the next couple of weeks,
4 I believe, and that was at the request of one of the speci-
5 fic applicants, I believe it's the IBM case, that's currently
6 before the Commission.

7 So it also is going to be coming back to the
8 full Commission.

9 Now, what staff is suggesting here is not neces-
10 sarily something that you have to accept in the course
11 of your siting case. We are basically saying this is our
12 interpretation, this is what we are planning on going for-
13 ward with, and it's going to be debated in the cases that
14 you are involved in.

15 The -- it's going to be easier in the long run,
16 because it's going to be the first few cases that really
17 set those guidelines.

18 CHAIRMAN IMBRECHT: Well, I think we've got --
19 I think what might be appropriate is for staff to commit
20 this to an informational bulletin, and bring it back before
21 the full Commission for adoption, and then that can be made
22 available for release to all applicants, current and
23 future.

24 EXECUTIVE DIRECTOR WARD: Okay. From a policy
25 perspective, Mr. Chairman, I would say I have no problem

1 with that. There are legal issues that I think we need
2 to ignore in the context of that request, and I think
3 Mr. Ratliff, who has been working on this with the staff,
4 should probably be given a chance to make some comments
5 so you have a full understanding of those issue as well.

6 CHAIRMAN IMBRECHT: Well, I guess my instinct
7 would be to say work with Mr. Ratliff. At the same time,
8 I think that Commissioner Commons does raise one valid
9 point. I -- I certainly contemplated that in workshops
10 that precede each application coming to the Commission
11 that these policies or these approaches would be outlined
12 in some detail.

13 But I think it probably would be helpful to have
14 some type of a document as well that's available for dis-
15 tribution.

16 Commissioner Commons.

17 COMMISSIONER COMMONS: Yes. Mr. Ward, I'm sorry
18 you interpreted your remarks in the vein that you did
19 because, first of all, your office -- in the briefings
20 we spent a lot of time together, and I think it was very
21 productive, and I would also second the Chairman's remarks
22 in terms of I think a lot of progress has been made, par-
23 ticularly since this issue has been raised on the
24 Commission agenda, in trying to identify and resolve some
25 of the issues that are before us, and that we are making

1 a lot of progress.

2 The problem that I'm alluding to is that there's
3 a different perception as to where we are in the outside
4 world, which is unaware of how far we have actually come,
5 and where we are within the Commission, and that the con-
6 cern is the perception outside of the Commission, not in
7 terms of how far forward I think we've actually gone, and
8 I think it's taking the public and letting the outside
9 world know really what we intend to do. Following up with
10 the Chairman's recommendation is not anything related to
11 what an excellent job you're doing in this area.

12 CHAIRMAN IMBRECHT: Okay. Well, I think you've
13 got some direction, and I think I can dispose of this item.
14 I don't think we need to agendize it again, do we?

15 Okay. All right. Fine.

16 Now, we may complete our public agenda before
17 the noon recess.

18 The next item is Item 8, which is a contract
19 for \$788,940 with Acurex Corporation for the establishment
20 and operation of six methanol fueling stations in
21 California. The stations will provide a supply of fuel
22 for the California Methanol Fleet, and will provide fuel
23 and technical support services to the existing methanol
24 fuel network and new methanol stations.

25 Mr. Ward.

1 EXECUTIVE DIRECTOR WARD: Yes, Mr. Chairman.
2 This is an item that you are all familiar with. It was
3 an item that went through the budget process, and I believe
4 you yourself had updated Commissioners on the status of
5 the item that was under some degree of jeopardy as we were
6 going through the budget process as a result of some com-
7 ments made by the Legislative Analyst.

8 We were ultimately successful in getting the
9 amount approved by the Legislature, and then subsequently
10 approved by the Governor, and it is back before you today
11 in the form of a contract for the six additional stations
12 that we feel are necessary to have a valid demonstration
13 and test for the methanol fleet.

14 Ken Smith and Peter Ward from the Development
15 Division are available to outline what the contractual
16 process was, the bidding process, or answer any technical
17 questions about the fueling stations and what's envisioned,
18 and even -- they'll give you any more information on the
19 program to date if you so desire.

20 MR. SMITH: I think you've covered the basis
21 of it pretty well. I think we'd be prepared to answer
22 any questions regarding the contract, but we're essen-
23 tially implementing, you know, what was approved in the
24 budget.

25 EXECUTIVE DIRECTOR WARD: I believe all

1 Commissioners or their advisers have also been briefed
2 on this as well.

3 CHAIRMAN IMBRECHT: Well, just to get this item
4 moving, as the Presiding Member of the R&D Committee, which
5 has this program, I will move adoption of the contract.

6 COMMISSIONER NOTEWARE: I'll second it.

7 CHAIRMAN IMBRECHT: Seconded by Commissioner
8 Noteware.

9 My colleague on the Committee is absent today,
10 Commissioner Gandara.

11 Commissioner Commons.

12 COMMISSIONER COMMONS: Yes. I think there --
13 the issue that I would like to discuss is the station
14 establishment priority, and I would like the staff to explain,
15 since the time that this item was initiated, I believe
16 at that time I was Presiding Member of the R&D Committee,
17 and we initiated a list from the staff as to how we should
18 go about increasing the number of stations, but since that
19 time I think there were a number of events that have trans-
20 pired, and there may be a need for reallocating some of
21 the priorities based on those events.

22 So I would like to request that the staff go
23 through those events that have transpired since the time
24 that the priority list was initially established.

25 CHAIRMAN IMBRECHT: I think this program used

1 to be in the Fuels Committee, actually. I think this
2 program used to be in fuels, not R&D.

3 COMMISSIONER COMMONS: That was part of cogenera-
4 tion in methanol, which was part of the R&D Committee,
5 and you and I were on that committee together.

6 CHAIRMAN IMBRECHT: That's a year ago. I don't
7 -- okay.

8 MR. SMITH: Well, I'll say that the criteria
9 has really never changed for the establishment of stations,
10 and the primary reason for putting stations in service
11 is to serve the fleet operators who made a commitment to
12 buy methanol vehicles and give up gasoline vehicles to
13 participate in the program.

14 As I stated when we talked yesterday, Commissioner
15 Commons, we -- we did a polling of fleet operators to
16 determine where additional stations were needed, and accord-
17 ing to those -- according to that polling of fleet opera-
18 tors, we established this priority list, and I can -- you
19 know, I have a detailed listing here.

20 The one item that did change from the original
21 plan to the current is that some of the stations had been
22 considered for the California Highway Patrol methanol pro-
23 gram, which subsequently was removed from the budget, but
24 we originally planned for 33 sites, and the Legislature
25 determined that seven sites would be sufficient.

1 And so, given the budget that we have, it's --
2 CHAIRMAN IMBRECHT: On the 25 sites would be
3 sufficient.

4 MR. SMITH: Pardon?

5 CHAIRMAN IMBRECHT: The 25 sites would be suf-
6 ficient.

7 MR. SMITH: Yes. The 25 sites would be suffici-
8 ent, added to the -- to the current 18.

9 So on that basis we took the original prioritiza-
10 tion established by discussions with fleet operators, and
11 came up with six sites, including one contingency, because
12 within the budget that we have now we can probably put
13 in six and a half stations.

14 We hope to have sufficient savings in the project
15 to add the seventh station to this, and our -- you know,
16 our priorities are -- you know, I think, established along
17 that -- our priorities were established along the lines
18 of the needs of fleet operators.

19 Would you like for me to go through the --

20 CHAIRMAN IMBRECHT: Are you going to repeat the
21 question?

22 MR. SMITH: -- through the sites?

23 COMMISSIONER COMMONS: No. My question was,
24 what are -- what has transpired since we established the
25 priority, what events have transpired that could affect

1 the allocation of priorities, and why don't I be specific.

2 First of all, my understanding is that the State
3 is no longer going to be using Thrifty Rent-A-Car, and
4 so that the methanol cars that were dominently used at
5 the airpot by state employees is no longer going to occur,
6 and all of those vehicles are not going to be part of the
7 GSA fleet, and they are being transferred primarily to
8 downtown Los Angeles.

9 MR. SMITH: No. I -- no. The cars are being
10 transferred to downtown Los Angeles and to the Sacramento
11 garage is the current planning process, but the downtown
12 Department of General Services garage, as I told you yester-
13 day, stated a preference to have stations in the same loca-
14 tions that were stated for -- for the LAX fleet.

15 They have -- they have traffic, you know, in
16 all parts of and outside of the Basin. They have traffic
17 as far out as the areas that are described, Riverside,
18 Santa Barbara, and the -- the sort of weakness in the fleet
19 is to the west of Los Angeles. That's where the weakness
20 in the network exists, and so, based on our polling of
21 fleet operators --

22 CHAIRMAN IMBRECHT: West and north.

23 MR. SMITH: Yes, west and north.

24 CHAIRMAN IMBRECHT: I guess I --

25 COMMISSIONER COMMONS: Well, I'm not sure where

1 the Commission is. Let me just state my position, and then
2 you may want to poll the other Commissioners.

3 I do not feel that the methanol vehicles within
4 the Los Angeles Basin, which is the basin that is clearly
5 where the largest problem lies in California, that there
6 is an adequate fleet of stations for one to readily use
7 methanol vehicles, particularly when the vehicles are
8 shifted from the L.A. Airport to the downtown area.

9 I have discussed this with a number of the com-
10 panies that are located in the downtown area, and as to
11 where they go, and they just don't go to most of the loca-
12 tions that are identified on this list.

13 Second is that there are, in the six that we're
14 talking about, two of the fastest-growing counties in the
15 state and the counties where air pollution is probably
16 the worst in the state, Riverside and San Bernardino, are
17 not included with any stations in the top 25.

18 So unless we could have Ontario moved up and
19 Riverside included as two of the top six stations, so that
20 they would at least have service in those two counties,
21 and I'm concerned within the Basin, but that would still
22 -- we do pick up Van Nuys, which is only one station within
23 the Basin, and based on the representations that Texaco
24 intends to build some stations in the Los Angeles Basin
25 -- and I want that on the record that that is actually

1 going to occur, because if that were not going to occur
2 I would be even more dissatisfied in terms of what we are
3 proposing.

4 So before I go and make an amendment here, I
5 would like to ask, is Texaco intending to build any
6 methanol stations and, if so, where.

7 MR. SMITH: Yes. We -- we are currently in
8 negotiations with the Air Resources Board and Texaco for
9 five stations. This morning I provided to all Commissioners
10 -- to Commissioners and/or their staff, a list -- a memo
11 from Leon Vann to Tom Cackette at the Air Resources Board,
12 and on that list we listed eight stations for which Texaco
13 is supposed to provide five.

14 I provided that to your staff early this morning.
15 The stations, in case you don't have that in front of you,
16 are the -- the South Coast Air Basin stations are Santa
17 Monica, Woodland Hills, Santa Fe Springs, Irvine and
18 Burbank.

19 Now, we have already looked at some sites that
20 Texaco has offered for us. A site in Burbank is accep-
21 table and a site in Norwalk is acceptable. The site in
22 Norwalk is at the junction of the Riverside 91 freeway
23 and the 605 freeway, which is a very convenient location
24 for all of the fleets in the Basin.

25 We expect to site all of the Texaco stations in

1 the South Coast Air Basin.

2 COMMISSIONER COMMONS: Is this from Mr. Tom
3 Cackette of these eight locations, are those the locations
4 that you're -- that Texaco is proposing, or where are those
5 locations?

6 MR. SMITH: No. Those are -- those are loca-
7 tions that the staff of the California Energy Commission
8 proposed.

9 CHAIRMAN IMBRECHT: And they are picking five
10 of those eight.

11 COMMISSIONER COMMONS: They are picking five
12 of those eight, Texaco is.

13 MR. SMITH: No. They are picking five of those
14 eight with our approval. We have to -- we have to approve
15 the sites.

16 CHAIRMAN IMBRECHT: We nominated eight sites.
17 They are going to tell us which five they think are most
18 acceptable or that they can serve, and then we have to
19 so sign off on --

20 MR. SMITH: Yeah.

21 CHAIRMAN IMBRECHT: -- the five they choose.

22 COMMISSIONER COMMONS: If we look at -- if we
23 look at ths list, and I think it highlights what the prob-
24 lem is, the first one on San Francisco is very difficult
25 to assess because our priority just says San Francisco,

1 and theirs says San Francisco near a freeway interchange,
2 and so I have no way of making a comment on that one.

3 Santa Monica and Woodland Hills, I would support
4 those, as Santa Fe Springs.

5 I do not know why we would have Coalinga as one
6 of our six, and that it also be on this list here.

7 Irvine is excellent. That's by the airport.
8 The same would be true of Burbank.

9 And on the East Bay Corridor, I would support
10 that, but I see no reason that that should be again on
11 both lists.

12 MR. SMITH: Well, there's --

13 COMMISSIONER COMMONS: I think the -- I think
14 it comes back that the two areas which we have not given
15 consideration, and we've moved north and west of Los
16 Angeles heavily, is the Riverside-San Bernardino areas,
17 which are our fastest-growth areas in the state and have
18 the worst air pollution, and we have no vehicles on those
19 major freeways.

20 Ontario Airport is the second largest airport in
21 Southern California, and it's my opinion that not having
22 Riverside and Ontario on both of these list would be a
23 real mistake of this Commission.

24 MR. SMITH: I --

25 CHAIRMAN IMBRECHT: If I understand correctly,

1 the reason Coalinga and San Francisco are carried on both
2 lists, and I would assume that if we were to choose to
3 put -- to approve the list as proposed to us, that we would
4 in essence be saying to Texaco not to build the Coalinga
5 and not to build -- or be repetitive in San Francisco.
6 Is that --

7 MR. SMITH: That's correct.

8 CHAIRMAN IMBRECHT: Is that an accurate assump-
9 tion?

10 MR. SMITH: The repetition is that those three
11 -- those three sites happen to be critical sites, and we
12 had a lot of requests. If I were to go down the list and
13 look at how many requests we had for those sites, those
14 were --

15 CHAIRMAN IMBRECHT: Well, why Coalinga?

16 MR. SMITH: -- those were highly requested by
17 the --

18 CHAIRMAN IMBRECHT: I'm just kind of curious
19 on that one.

20 MR. SMITH: Why Coalinga? Because we have 15
21 cars at the County of Fresno, and the Department of Water
22 Resources also operates in that area, so, in addition to
23 that, in addition to serving two fleets, the Coalinga site
24 gives us a north-south corridor, so that people could drive
25 -- literally drive from Sacramento all the way to

1 Los Angeles. That's not possible now.

2 So it serves two fleets, plus an overall
3 corridor connection purpose, so we -- we've always felt
4 that Coalinga was an important site to keep in.

5 We -- we recognize Riverside as being an impor-
6 tant place to put a station, and we just felt that it had
7 a lot lower priority than -- you know, than others. If
8 it's the pleasure of the Commission, I think that we could
9 -- you know, we could adjust the list to include, you know,
10 Riverside as a higher priority. We can do this.

11 Remember, though, this is the typical chicken
12 and egg problem.

13 CHAIRMAN IMBRECHT: Is Riverside --

14 MR. SMITH: You know, we have to go out and find
15 these sites and negotiate with site operators.

16 CHAIRMAN IMBRECHT: Riverside -- is Riverside
17 carried in the Texaco list?

18 MR. SMITH: No, it's not carried in the Texaco
19 list.

20 CHAIRMAN IMBRECHT: All right.

21 MR. SMITH: And Ontario is low priority in the
22 -- in our current list, as well as being not included on
23 the -- on the Texaco list.

24 Now, we only had one request for Riverside and
25 Ontario. Only one fleet requested those areas, and so

1 that's why we --

2 CHAIRMAN IMBRECHT: Which fleet was that?

3 MR. SMITH: It was the South Coast Air Quality
4 Management District. They have a site in -- in South El
5 Monte, which gives them a range of probably a hundred-
6 mile radius.

7 CHAIRMAN IMBRECHT: Can we add Riverside to the
8 Texaco list and that way cover it on both lists, in
9 essence?

10 MR. SMITH: I think we can do that, yes. We
11 -- we're meeting --

12 CHAIRMAN IMBRECHT: Why don't --

13 MR. SMITH: We're in continuous meetings with
14 Texaco negotiating these items.

15 CHAIRMAN IMBRECHT: Since the practical effect
16 is Coalinga and San Francisco drop off their list, and
17 then they are down to six rather than eight, and it's five
18 out of six in that case. Right?

19 MR. SMITH: I'm sorry. I --

20 CHAIRMAN IMBRECHT: I said as a practical matter
21 San Francisco and Coalinga would drop off their list if
22 we adopt these stations for our development program.

23 MR. SMITH: Uh --

24 CHAIRMAN IMBRECHT: So then the Texaco list would
25 drop from eight to six options --

1 MR. SMITH: Yes.

2 CHAIRMAN IMBRECHT: -- and that in essence would
3 be virtually dictating to them the five out of six options.

4 I would suggest that what we do is simply add
5 Riverside to that list. As we delete --

6 MR. SMITH: To the --

7 CHAIRMAN IMBRECHT: As we delete Coalinga and
8 San Francisco from the Texaco list, that we also add
9 Riverside.

10 MR. SMITH: All right. That's --

11 CHAIRMAN IMBRECHT: With the strong hint to them
12 that if we're not creating the savings to build Riverside
13 ourselves, that we consider that a priority for them, and
14 I think we'd note for them that it was the next item on
15 our own list, so it probably should have been on the Texaco
16 list in the beginning.

17 Is that accpetable with you, Commissioner
18 Commons?

19 COMMISSIONER COMMONS: Well, it's partially --
20 Coalinga and Riverside --

21 CHAIRMAN IMBRECHT: I think my --

22 COMMISSIONER COMMONS: -- have changed position.
23 Ontario Airport, Mr. Chairman, and San Bernardino -- the
24 San Bernardino County are really critical.

25 CHAIRMAN IMBRECHT: Well, see, the --

1 COMMISSIONER COMMONS: What would be acceptable
2 to me would be, without specifying as to which list, that
3 if we're going to have one station in Woodland Hills, one
4 station in Ventura, one station in Santa Barbara, areas
5 of substantially less air pollution, substantially less
6 population, that we should have one station in Riverside
7 and one station in San Bernardino County, and what would
8 be acceptable to me is that to be included on the two lists
9 would be Riverside and San Bernardino County, and they
10 should be on both our list and on their list, and what
11 we do is we fill in from what they don't take.

12 CHAIRMAN IMBRECHT: I don't understand. How
13 about -- what's the feeling of the rest of the Commission?
14 We have a motion before us to adopt this list with further
15 staff direction to add Riverside to the Texaco list.

16 COMMISSIONER CROWLEY: I'm satisfied with the
17 staff proposal.

18 CHAIRMAN IMBRECHT: Commissioner Noteware?

19 COMMISSIONER CROWLEY: I think it's appropriate.

20 COMMISSIONER NOTEWARE: I -- I feel unless there
21 is a more specific request from the users out there that
22 we should stick with the staff proposal.

23 CHAIRMAN IMBRECHT: And the reason -- Commissioner
24 Commons, I understand your arguments, and they are not
25 illogical in any sense, but the bottom line is there is

1 another consideration that goes into it, and that's where
2 our fleets are.

3 And, you know, this might have in essence been
4 addressing an issue that could have been addressed two
5 or three years ago when this program got started. Perhaps
6 we should have focused more on Riverside in terms of
7 getting some fleets into that area.

8 COMMISSIONER CROWLEY: The fleets.

9 CHAIRMAN IMBRECHT: But the bottom line is they
10 are not there. There is no actual fleet that is repositioned
11 there. We are only talking about whether in fact there
12 is a market for fleets that are in the L.A. Basin that
13 even go out there.

14 The reason to try to expand the network a little
15 bit more is because there is a clear market for that, and,
16 you know, I -- I think the logic speaks for itself in that
17 context.

18 So I'm going to put the motion to a vote, unless
19 you've got something further.

20 COMMISSIONER COMMONS: Yes. I'd rather not be
21 negative on a particular location, so I'm going to try
22 to continue to be positive.

23 CHAIRMAN IMBRECHT: Okay.

24 COMMISSIONER COMMONS: What I'd like to propose,
25 Mr. Chairman, with your concurrence, is that we add to

1 the Texaco list both Riverside and Ontario, and since they
2 are the ones who are going to be --

3 MR. SMITH: I think we --

4 COMMISSIONER COMMONS: -- selling the gas, let
5 them make the determination as to --

6 CHAIRMAN IMBRECHT: Okay.

7 COMMISSIONER COMMONS: -- what their -- what
8 their allocation is.

9 CHAIRMAN IMBRECHT: There's no objection to that.
10 We'll make that a staff direction.

11 Now, going back, the main motion is to approve
12 the seven proposed stations as listed, six that are guaran-
13 teed, and the seventh of which is still possible.

14 Is there objection to the unanimous roll call?

15 Hearing none, "Aye's" four, "No's" none. The
16 contract is approved as presented.

17 The next contract is for \$133,3000 with Peters
18 Shorthand Reporting Corporation to provide hearing
19 reporter services.

20 EXECUTIVE DIRECTOR WARD: Mr. Chairman, we
21 might --

22 CHAIRMAN IMBRECHT: Let me just ask. Is there
23 any problem with dealing with these two reporting service
24 contracts on a consent basis? We are also going to encom-
25 pass within one motion that contract and another contract

1 for \$66,667 with Video/Audio Recording Services. I will
2 so move. Is there a second?

3 COMMISSIONER NOTEWARE: I'll second it.

4 CHAIRMAN IMBRECHT: Seconded by Commissioner
5 Noteware. Does anyone wish to be heard on these items?

6 Commissioner Commons.

7 COMMISSIONER COMMONS: Was this done through
8 an RFP process?

9 EXECUTIVE DIRECTOR WARD: Yes.

10 COMMISSIONER COMMONS: Have we had any problems
11 -- I think previously we've had problems.

12 EXECUTIVE DIRECTOR WARD: No.

13 COMMISSIONER COMMONS: There's no problems that
14 you are aware of.

15 EXECUTIVE DIRECTOR WARD: No.

16 COMMISSIONER COMMONS: Thank you.

17 CHAIRMAN IMBRECHT: Is there an objection to
18 a unanimous roll call?

19 Hearing none, "Aye's" four, "No's" none. Both
20 contacts are approved.

21 Is there objection to the minutes as presented?

22 Modifications or corrections?

23 Hearing none, approved as presented.

24 Item 12, Policy Committee Reports. Are there
25 such reports, Policy Committee Reports?

1 Hearing none, Item 13, General Counsel's Report.

2 MR. CHAMBERLAIN: Yes. Mr. Chairman, I would
3 simply like to indicate that I have an item for Executive
4 Session, a litigation matter.

5 I can also report to you that yesterday there
6 was an oral argument in the case brought by the Association
7 of Home Appliance Manufacturers against the Commission
8 relating to the Refrigerator Standards, and they brought
9 a motion for summary judgment which was denied yesterday
10 in the Los Angeles Superior Court.

11 CHAIRMAN IMBRECHT: Okay. Mr. Ward. The
12 Executive Director's Report.

13 EXECUTIVE DIRECTOR WARD: Yes. A couple of
14 things that I'd planned on in Executive Session, and I think
15 we can still do that with a fairly narrow focus on the
16 issue. It generally relates to siting workload and mat-
17 ters that may be subject to litigation, just to indicate
18 to all Commissioners that one of the overlying factors,
19 or the overlying factor affecting our Budget Committee
20 review for quarterly -- the first quarter review, is going
21 to be the siting workload.

22 I have briefed all of you generally on that,
23 and you will be seeing some information later this week,
24 and your staffs will have a chance to review it.

25 The budget -- Commissioners Crowley and Imbrecht

1 on the Budget Committee, as well as myself and some other
2 staff, are going to be meeting with the agency today to
3 go over our budget change proposals with the Department
4 of Finance. This is yet another step in the process that
5 -- but not the final step.

6 Last week there was a hearing held by the Assembly
7 Energy and Natural Resources Committee conducted by the
8 Chairman of that Committee, Byron Sher, attended by
9 Assemblyman Hannigan, Assemblywoman Gwen Moore, on
10 municipal solid waste and the prospects for municipal solid
11 waste and its development in California.

12 Ray Tuvell from the Development Division made an
13 outstanding presentation, very, very impressive. He spent
14 about 45 minutes doing a -- essentially a compendium of
15 the workshops that were held at that Committee's request,
16 and I was thanked profusely by two of the members of that
17 Committee, and I think Ray deserves a lot of credit for
18 doing a very good job.

19 CHAIRMAN IMBRECHT: Thank you.

20 Commissioner Commons.

21 COMMISSIONER COMMONS: Yes, Mr. Chairman. On
22 the item that was noted for Executive Session, I would
23 like to note that I object to it being in Executive Session,
24 except for the very limited and narrow aspect that may
25 pertain to litigation.

1 EXECUTIVE DIRECTOR WARD: Well, I -- I think
2 I tried to define it that way, and I'm sorry if I -- if
3 I wasn't clear, that was my intent.

4 CHAIRMAN IMBRECHT: Okay. Fine. I think that
5 is pretty clear. Anything further?

6 All right. Is there any public comment? Does
7 anyone wish to address the Commission on any topic?

8 All right. Then we will stand in recess,
9 adjournment, upon conclusion of the Executive Session,
10 which will encompass both --

11 COMMISSIONER COMMONS: Point of information.

12 EXECUTIVE DIRECTOR WARD: Well, we have Item
13 No. 1 to come back to, which is the Cool Water Coal
14 Gasification --

15 CHAIRMAN IMBRECHT: Pardon me. Thank you very
16 much for reminding me, and let's see if we can get that.

17 I just wanted to conclude my statement that that
18 will encompass both personnel and matters affecting poten-
19 tial litigation at the Executive Session.

20 Now we will return to Item No. 1, and inquire
21 once again whether there is anyone here to represent the
22 Petitioner.

23 Oh, excuse me. I'm sorry. That's Item No. 1.
24 Let me turn to Item 4. Is there anyone here to represent
25 the Petitioner Harbin Hot Springs?

1 MR. HEATH: No.

2 CHAIRMAN IMBRECHT: All right. Then I guess
3 the petition by a lack of action will be denied.

4 Then we do have Item -- when will the folks from
5 the --

6 COMMISSIONER COMMONS: A point of procedure,
7 Mr. Chairman.

8 CHAIRMAN IMBRECHT: Yes.

9 COMMISSIONER COMMONS: If a petition is properly
10 before us, is it required under our procedures that the
11 petitioner be present?

12 MR. CHAMBERLAIN: No, it's not required, but
13 it is required that there be a motion by a Commissioner,
14 and that a majority vote to grant the motion. Otherwise
15 it is denied.

16 COMMISSIONER COMMONS: All right. I would like
17 to --

18 CHAIRMAN IMBRECHT: Okay. Would someone sum-
19 marize for me the substance or essence of the Harbin Hot
20 Springs petition is the question of continuing to retain
21 within one of the corridors a small portion of their
22 property as a potential route for the line.

23 Is that the essence of the --

24 MR. CHAMBERLAIN: That's my understanding.

25 CHAIRMAN IMBRECHT: That's the essence of their

1 objection? I will just remind the members of the
2 Commission --

3 COMMISSIONER COMMONS: Is this related to GPPL,
4 or related to --

5 CHAIRMAN IMBRECHT: Yes. GPPL. I just would
6 remind the members of the Commission that we had an exten-
7 sive discussion on that point during consideration of the
8 hearing, and the alternates that were available, and indi-
9 cated as well that encompassed within the order is a --
10 directive to the Executive Director to work with the
11 Department of Forestry to attempt to negotiate an alter-
12 native over the ridge that runs through the Boggs Mountain
13 State Forest, I believe it is.

14 COMMISSIONER COMMONS: Yeah. Nothing to do with
15 the petition. I just thought it was, from a procedural
16 standpoint -- it would still be appropriate if a member
17 of the Commission wanted to put forth the motion.

18 CHAIRMAN IMBRECHT: Do I hear a motion?

19 Hearing none, the petition dies for lack of
20 a motion.

21 Have the people from San Bernardino arrived
22 relative to Item No. 1?

23 MR. HEATH: No, they have not.

24 CHAIRMAN IMBRECHT: They have not. In that case,
25 then --

1 MR. HEATH: Their flight doesn't come in I believe
2 at least for another ten minutes.

3 CHAIRMAN IMBRECHT: All right. Fine. In that
4 case I will suggest we will reconvene in Executive Session
5 at 12:30, and with the intention of reconvening the public
6 session between 1:30 and 2:00 o'clock, depending on the
7 length of discussion in the Executive Session, and we will
8 take up Item No. 1 at that point in time.

9 All right. We'll stand in recess.

10 (Whereupon, the morning session of the Business
11 Meeting of the California Energy Resources Conservation
12 and Development Commission was recessed for Executive
13 Session and lunch at 12:20 p.m.)

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AFTERNOON SESSION

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2:00 P.M.

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3 CHAIRMAN IMBRECHT: Okay. We'll call the meeting
4 back to order. Thank you for your patience.

5 We will now turn to the first item which we
6 had continued as a courtesy to the San Bernardino APCD,
7 and that's Commission Consideration and Possible Adoption
8 of an Order approving an amendment to the Cool Water Coal
9 Gasification Project Decision.

10 The proposed amendment would amend Finding 7
11 of the December 21, 1979 decision to allow the testing
12 of coal containing concentrations up to 3.5 percent sulfur
13 by weight. This item was continued from our October 16th
14 meeting.

15 I am informed that there may not be opposition
16 to the proposed change at this juncture. Mr. Ward, do
17 you --

18 EXECUTIVE DIRECTOR WARD: That's my understanding.
19 The project proponent, the Energy Commission, and the APCD
20 are all in agreement.

21 CHAIRMAN IMBRECHT: Mr. Heath.

22 MR. HEATH: Just briefly, Mr. Chairman, as a
23 matter of fact there -- iniitally there were a number of
24 calls received in our office in opposition to the amendment.
25 However, through our discussions with them and an

1 explanation as to what the changes actually mean in terms
2 of air emissions and the use of the higher sulfur coal.

3 I think we have diluted any -- any opposition,
4 and my office has taken on the responsibility of getting
5 back to each of those people who called in, and we'll send
6 them a copy of the staff's report as well as a copy of
7 the Commission's decision today.

8 I think we have, as I said, diluted any opposition
9 at this time.

10 CHAIRMAN IMBRECHT: All right. Fine. Does any-
11 one else wish to be heard on this item?

12 Okay. Do I hear a motion?

13 COMMISSIONER CROWLEY: So move.

14 COMMISSIONER COMMONS: Second.

15 CHAIRMAN IMBRECHT: Seconded by Commissioner
16 Commons that the amendment be approved as proposed.

17 Further discussion? Commissioner Commons.

18 COMMISSIONER COMMONS: Yes. I think this is
19 a very important action by the Commission in support of
20 one of the most important R&D projects in the country,
21 and although not all of the benefits may go to California
22 on this, I think what we'll be doing is a very positive
23 step forward, and we should commend Southern California
24 Edison and all the parties who are part of Cool Water that
25 they are carrying on this experimentation, which could

1 be of real help to energy benefits, not just for this date,
2 but for the whole country.

3 CHAIRMAN IMBRECHT: Okay. Fine. Is there objec-
4 tion to a unanimous roll call?

5 Hearing none, "Aye's" four, "No's" none.

6 Nothing further to come before the Commission,
7 we stand in recess for continuation of our Executive Session,
8 and adjournment upon conclusion of the Executive Session.

9 (Whereupon, the Business Meeting of the
10 California Energy Resources Conservation and Development
11 Commission was adjourned at 2:15 p.m.)

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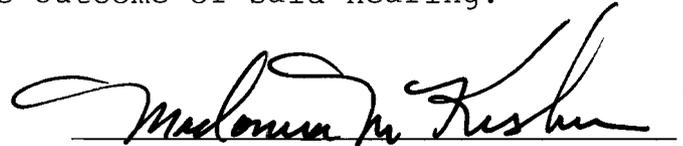
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REPORTER'S CERTIFICATE

THIS IS TO CERTIFY that I, Madonna M. Kushen, Reporter, have duly reported the foregoing proceedings which were held and taken in Sacramento, California, on Wednesday, the 30th day of November 1985, and that the foregoing pages constitute a true, complete and accurate transcription of the aforementioned proceedings.

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



Madonna M. Kushen, Reporter