

SPECIAL BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Special Business Meeting )  
 )  
\_\_\_\_\_ )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

TUESDAY, MAY 20, 2003

10:05 A.M.

Reported by:  
Peter Petty  
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Arthur H. Rosenfeld, Acting Chairman

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Daryl Mills

Valerie Hall

Susan Gefter

Virginia Lew

Alan Argentine

Philip Spartz

Avtar Bining

ALSO PRESENT

Eric T. Fresch, Legal Counsel

Ramon Z. Abueg, Assistant Director  
City of Vernon

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

10:05 a.m.

ACTING CHAIRMAN ROSENFELD: Going to bring this meeting of the Energy Commission to order. We're down to three today; Commissioner Keese is in Italy and Commissioner Pernell had a death in the family, so we will try to muster along.

Before we start the main agenda, as you will see, as Daryl Mills will give us a brief update on the happy situation with the bonds right now. I hope Daryl is here. Yes, he is, in fact, here.

MR. MILLS: Good morning, Commissioners. I understand you wanted a little briefing on where we are with the bonds.

Well, at the last March 19th business meeting you authorized the sale of the bonds. And since that time I'm happy to report we did sell our bonds.

ACTING CHAIRMAN ROSENFELD: Listen, Daryl, I'm going to tell even you, talk a little closer to the mike.

MR. MILLS: Okay. We sold our bonds. We sold the bonds at 28 million, and the proceeds,

1 including -- are now in the account available for  
2 eco loans. We now have \$28,540,000 available for  
3 loans.

4 The bonds actually sold in about three  
5 hours time on March 27th. The buyers consisted of  
6 ten bank trust departments, three corporations,  
7 six bond funds, and one dealer. Sixty-five  
8 percent of the bonds went to five banks.

9 The weighted average rate that we sold  
10 these at were 3.2 percent, which is very good; we  
11 were pleased with that. The net interest rate the  
12 Commission will charge with everything combined,  
13 including all transaction costs. The minimum to  
14 cover will be 3.8 percent. We are charging 3.95  
15 percent, a little extra, a little above our  
16 minimum requirement.

17 We posted the new loan agreement on the  
18 website, and we should continue to see loans  
19 coming in against the bonds.

20 ACTING CHAIRMAN ROSENFELD: Well, that's  
21 just wonderful. And so I want to use this  
22 opportunity to congratulate you and your whole  
23 team. And, in fact, are Ms. Hall and Mike Sloss  
24 in the audience? Would you folks come up to the  
25 podium, too, so we can congratulate you all.

1           Let me say, I'm mainly doing this on  
2           behalf of Commissioner Pernell who regrets very  
3           much that he can't be here, after he planned this  
4           little celebration. But, I'm empowered to say a  
5           few words.

6           So, Pernell asked me to say that he,  
7           particularly, and all the Commissioners think it's  
8           extremely important when a team and a team leader  
9           does a great job like this, to get up and crow  
10          about it.

11          And we know that you've had good  
12          experience with the eco loans, have had this bond  
13          idea in mind for a long time, I'm told, since the  
14          mid '90s. And then, of course, finally after lots  
15          of persistence and maybe even egging on your part,  
16          the Power Authority appeared across the street  
17          with unlimited access to capital, from our point  
18          of view. And so you were able to do this really  
19          wonderful job.

20          I have a list here of the whole team.  
21          Under energy efficiency, in addition to Valerie  
22          there's David Davenport, Susan Aronhalt, Judy  
23          Brewster, Mike Sloss, Virginia Lew, Jane Heinz, I  
24          don't know how many of them are here, but we'll  
25          take your photograph in a minute, so I hope you're

1 mainly here.

2 From the Chief Counsel's Office Liz  
3 Flores; and from Fiscal Services, Mark Hutchinson,  
4 Randy Roesser, John Butler, James Lee.

5 This \$20 million worth of bonds is a new  
6 effort for us and I think it's just wonderful.

7 And so what I want to do next is to read this  
8 resolution.

9 Now, the resolution is in Daryl's name,  
10 as our hero. But, whereas, the Energy Commission  
11 Energy Conservation Assistance Account provides  
12 low interest loans to schools and local  
13 governments for the purpose of implementing energy  
14 efficiency projects; and whereas this program has  
15 been fully subscribed and the funding source to  
16 fund additional loans is very limited; and whereas  
17 Daryl Mills began working on a methodology as  
18 early as 1996 to use the principal repaid from  
19 current loans to back a bond issue for additional  
20 loans; and whereas Daryl Mills put together an  
21 outstanding interdivisional team to execute the  
22 bond plan; and whereas Daryl Mills and the bond  
23 team, through persistence and perseverance,  
24 carried out recent bond sales and placements; and  
25 whereas because of the influence of Daryl Mills

1 and the bond team, the bond sales results in a  
2 rating of AA, and sold out in 24 minutes.

3 Therefore, be it resolved that Daryl  
4 Mills is congratulated for exceptional performance  
5 as an outstanding project manager and team leader,  
6 and as an inspiration to others in the Energy  
7 Commission in public service for the benefit of  
8 the people of the State of California."

9 (Applause.)

10 ACTING CHAIRMAN ROSENFELD: So now we go  
11 ahead -- we're supposed to turn this into a photo  
12 op. So, I hope the camera is here.

13 (Pause.)

14 (Applause.)

15 MR. CHAMBERLAIN: Mr. Chairman, as your  
16 counsel I think it's my duty to let you know that  
17 you didn't vote on the resolution.

18 ACTING CHAIRMAN ROSENFELD: Bill  
19 Chamberlain says I forgot to vote on the  
20 resolution.

21 (Laughter.)

22 COMMISSIONER GEESMAN: I'll correct that  
23 with a motion.

24 COMMISSIONER BOYD: Second.

25 ACTING CHAIRMAN ROSENFELD: Okay.

1                   ACTING CHAIRMAN ROSENFELD: All in  
2 favor.

3                   (Ayes.)

4                   ACTING CHAIRMAN ROSENFELD: Story of my  
5 life.

6                   And now as an anticlimax we'll come to  
7 the consent calendar. Do I have a motion?

8                   COMMISSIONER GEESMAN: So moved.

9                   COMMISSIONER BOYD: Second.

10                  ACTING CHAIRMAN ROSENFELD: Approved  
11 three to zero.

12                  Number 2, more serious. Malburg  
13 Generating Station. Possible approval of the  
14 Presiding Member's Proposed Decision -- luckily  
15 the Presiding Member is here -- recommending  
16 certification of the proposed 134 megawatt Malburg  
17 Generating Station sponsored by the City of  
18 Vernon. Docket number 01-AFC-25. Susan Gefter,  
19 are you going to tell us about it?

20                  MS. GEFTER: Yes, I am going to  
21 introduce the item for you. I wanted to tell the  
22 Commissioners that we had a very cooperative  
23 applicant here, and they are very excited about  
24 the possibility of getting their project certified  
25 today.

1           On April 11th the Committee, which  
2 consists of Commissioners Boyd and Pernel, issued  
3 the PMPD recommending certification of the Malburg  
4 Generating Station which is proposed by the City  
5 of Vernon. And this project will be part of the  
6 City of Vernon's municipal electricity and power  
7 supply grid.

8           All the environmental issues were  
9 resolved and there are no remaining issues of  
10 concern.

11           I'd like to introduce the applicant to  
12 the Commissioners. And this is Eric Fresch, who  
13 is the Counsel for the City of Vernon; and Ramon  
14 Abueg, who is the Project Manager. And  
15 Commissioner Boyd is very familiar with these  
16 players and I'd ask if the Commissioner has any  
17 comments before we hear from the applicant.

18           COMMISSIONER BOYD: Thank you. I'll  
19 just follow on what Susan said and commend the  
20 petitioners for being very cooperative and very  
21 helpful in resolving this issue.

22           Unfortunately, we were obviously a  
23 little tough on Ramon. I still don't quite  
24 understand --

25           (Laughter.)

1 COMMISSIONER BOYD: -- but he survived.  
2 Those last-minute issues.

3 This has been a very good process for us  
4 and we're very encouraged that the City of Vernon  
5 is able to move forward with their project upon  
6 action of this Commission. And we wish them well  
7 with the project; and we know they're going to  
8 have a good, clean, efficient project.

9 And so I would just move adoption of the  
10 recommendation before you.

11 COMMISSIONER GEESMAN: I would second  
12 the motion.

13 MS. GEFTER: Okay, and I also wanted to  
14 include in the adoption of the PMPD the errata  
15 which was issued on May 16th and will be  
16 incorporated into the PMPD as a final decision --

17 COMMISSIONER BOYD: So noted.

18 MS. GEFTER: -- once the Commission  
19 votes.

20 ACTING CHAIRMAN ROSENFELD: Do you  
21 gentlemen want to say anything?

22 MR. FRESCH: Yes, thank you,  
23 Commissioners. Yes, the City of Vernon would like  
24 to thank the CEC Staff that have been very helpful  
25 throughout this entire process. And we've

1 actually had a pretty good experience since we  
2 began our project back in 2001.

3 And we just want to thank the staff for  
4 everything they've helped us with.

5 COMMISSIONER BOYD: Spread the word.  
6 We'd like to see some more of these projects.

7 ACTING CHAIRMAN ROSENFELD: Okay, I call  
8 for the vote.

9 (Ayes.)

10 ACTING CHAIRMAN ROSENFELD: Approved  
11 three to nothing. Thank you very much.

12 COMMISSIONER BOYD: Congratulations.

13 ACTING CHAIRMAN ROSENFELD: Item 3,  
14 Energy Conservation Assistance Account. Possible  
15 approval of a \$250,000 loan -- we've heard about  
16 these, I see -- \$250,000 loan to the County of  
17 Mendocino to install energy efficient lights and  
18 HVAC upgrades in the County buildings. This  
19 project is estimated to save nearly \$30,000  
20 annually and reduce energy costs and have a simple  
21 payback a little over eight years.

22 And Virginia Lew is going to tell us  
23 about it.

24 MS. LEW: Yes. Good morning. My name  
25 is Virginia Lew and I'm presenting this item on

1       behalf of Ram Verma.

2                   The County of Mendocino is requesting a  
3       \$250,000 loan to install energy efficiency  
4       projects in several County buildings located in  
5       Ukiah, Willits and Fort Bragg.

6                   The projects include installation of  
7       energy efficient lighting and energy efficient  
8       heating, ventilation, air conditioning systems.  
9       These projects are estimated to save the County  
10      about \$30,000 a year, resulting in an 8.4 year  
11      simple payback.

12                  The loan funds are coming out of the  
13      Energy Conservation Assistance Act bond fund  
14      account. The Commission Staff has determined that  
15      these projects meet the requirements of the bond  
16      fund and recommend that it be approved.

17                  The loan has been approved through the  
18      Efficiency Committee and we recommend its approval  
19      today.

20                  ACTING CHAIRMAN ROSENFELD: Since nobody  
21      from the Energy Efficiency Committee can move  
22      anything, I hope one of my colleagues --

23                  COMMISSIONER GEESMAN: So moved.

24                  COMMISSIONER BOYD: I'll be glad to move  
25      it.

1 COMMISSIONER GEESMAN: I beat you to it.

2 COMMISSIONER BOYD: Okay. I'll second.

3 ACTING CHAIRMAN ROSENFELD: Moved by  
4 Geesman, seconded by Boyd.

5 I call for the vote.

6 (Ayes.)

7 ACTING CHAIRMAN ROSENFELD: Three to  
8 nothing; thank you, Virginia.

9 MS. LEW: Thank you.

10 ACTING CHAIRMAN ROSENFELD: Item 4,  
11 state fleet fuel efficiency report. Possible  
12 adoption of the California State Fleet Fuel  
13 Efficiency Report, Volume I, as required by Senate  
14 Bill 1170. I guess we're going to hear from Peter  
15 Ward.

16 MR. ARGENTINE: Well, Peter --

17 ACTING CHAIRMAN ROSENFELD: We're not.

18 MR. ARGENTINE: I'm Alan Argentine. I'm  
19 sitting in for Peter Ward from the transportation  
20 energy division.

21 Staff's requesting Commission adoption  
22 of the California State Vehicle Fleet Fuel  
23 Efficiency Report, Volume I. It's the summary of  
24 findings and recommendations.

25 They're addressed -- the basis for the

1 recommendations are documented in a study by TIAX,  
2 LLC in volume II of the consultant report.

3 All this work is from SB-1170 which  
4 requests the Energy Commission and the Air  
5 Resources Board and DGS to develop and adopt fuel  
6 efficiency standards, specifications and to  
7 conduct a study examining purchasing patterns, and  
8 to analyze the cost and benefits of reducing  
9 energy consumption by more than 10 percent by  
10 January 2005.

11 ACTING CHAIRMAN ROSENFELD: Okay. Any  
12 questions --

13 COMMISSIONER BOYD: No questions.

14 ACTING CHAIRMAN ROSENFELD: -- comments  
15 by the Committee.

16 COMMISSIONER BOYD: Well, I'd like just  
17 to -- Chair of the Transportation Committee, along  
18 with my Associate, Commissioner Geesman, thank the  
19 staffs of the three agencies who collaborated and  
20 worked on this report together.

21 And I think it helps us move the subject  
22 forward in terms of efficiency in motor vehicles.  
23 And it's appropriate that state government move  
24 vigorously in that arena. And this report  
25 provides guidance for that to the administration

1 and the Legislature. So we hope to see some  
2 further greening of the fleet of the State of  
3 California as a result of the good work of the  
4 staff of the three agencies.

5 And so I'd like to move adoption of the  
6 report.

7 COMMISSIONER GEESMAN: Second.

8 ACTING CHAIRMAN ROSENFELD: Any  
9 discussion? I call the question.

10 (Ayes.)

11 ACTING CHAIRMAN ROSENFELD: Approved,  
12 three to zero. Thank you, folks. I know it took  
13 a long time and a lot of work.

14 Item 5, Davis Energy Group. Possible  
15 approval of contract 500-02-026 for \$279,000 and  
16 change, to integrate a night-cooling technology  
17 with the air handling and distribution system most  
18 common to California households. Products  
19 developed in the contract will reduce peak loads  
20 attributable to residential air conditioning.  
21 This is a PIER project and do you want to tell us  
22 about it.

23 MR. SPARTZ: Yes, good morning,  
24 Commissioners, my name is Philip Spartz. And I'm  
25 the Contract Manager for this project.

1           This PIER contract with the Davis Energy  
2           Group is titled Nightbreeze Products. As you just  
3           read, the purpose is to integrate a night cooling  
4           and ventilation technology with the most common  
5           air handler distribution system used in California  
6           residences.

7           And we expect to see some peak load  
8           reduction following development of these products.

9           The cost is \$279,000 and this contract  
10          should be completed in approximately 18 months  
11          with the Davis Energy Group as the prime  
12          contractor.

13          Our recommendation is that the  
14          commission approve this contract. Are there any  
15          questions?

16          COMMISSIONER GEESMAN: I'd move the  
17          recommendation, Mr. Chairman.

18          COMMISSIONER BOYD: I'll second that  
19          motion.

20          ACTING CHAIRMAN ROSENFELD: And it came  
21          out of Committee -- of course, quietly after that.  
22          I call for a vote.

23          (Ayes.)

24          ACTING CHAIRMAN ROSENFELD: Approved  
25          three to nothing.

1 MR. SPARTZ: Thank you.

2 ACTING CHAIRMAN ROSENFELD: Thank you,  
3 Phil.

4 COMMISSIONER BOYD: Look forward to the  
5 product; I think we need it in this state pretty  
6 bad. Efficiency.

7 ACTING CHAIRMAN ROSENFELD: Yeah, do it  
8 right away.

9 MR. SPARTZ: We're trying.

10 ACTING CHAIRMAN ROSENFELD: Six, NETL,  
11 part of USDOE. Possible approval of contract 500-  
12 02-025 for about a million dollars less change, to  
13 demonstrate an advanced vortex combustor that  
14 produces 3 parts per million volume or less of NOx  
15 emissions without after-treatment. This is a  
16 PIER-EPAG project. Avtar Bining is going to  
17 briefly tell us its virtues.

18 MR. BINING: Good morning,  
19 Commissioners. My name is Avtar Bining and I will  
20 be the Contract Manager for this contract.

21 This item before you is called advanced  
22 vortex combustor demonstration at the National  
23 Energy Technology Lab in Morgantown, West  
24 Virginia. And as you might know, this lab is the  
25 only lab in the nation that is not being managed

1 by any other private entity or other organization,  
2 as it is very much a part of the U.S. Department  
3 of Energy.

4 This project bears on actually multi-  
5 million-dollar, multi-year effort at the National  
6 Energy Technology Lab and their private partner,  
7 Ramgen Power Systems.

8 Since fiscal year 2000 DOE has put about  
9 \$11 million and Ramgen Power System has put about  
10 3 million for a total project cost of about 14  
11 million so far. And DOE has requested another 3  
12 million in fiscal year 2004.

13 And this advanced vortex combustor is  
14 very compactly designed combustor which will make  
15 a very compact gas turbine while achieving very  
16 low emissions. Bulk of the work will be done at  
17 National Energy Technology Lab; and part of the  
18 work will be done by Ramgen Power Systems. And  
19 they will be working together on this thing.

20 The ultimate product of this effort will  
21 be a very compact gas turbine of about 400  
22 kilowatt unit as a demonstration unit, and that  
23 will achieve very high efficiency of the  
24 combustor, as well as very high efficiency of the  
25 gas turbine. And demonstration will be in year

1 2005 to 2006. So within about two, three years we  
2 will see the result of this project.

3 This project term that we are  
4 participating in will be for 13 months and after  
5 that they will put together the whole gas turbine.

6 ACTING CHAIRMAN ROSENFELD: I would ask  
7 you one question. As you just said, big money has  
8 gone into this project. Is this the first CEC  
9 participation?

10 MR. BINING: Yes, this is the first CEC  
11 participation in this technology. We have been  
12 funding some other technologies or competing  
13 technologies, like catalytic combustor, self-  
14 stabilized burner combustors and some other  
15 technologies like lean burn Nox reduction  
16 techniques.

17 But this is the most advanced, and the  
18 first time that we are participating in this  
19 project.

20 ACTING CHAIRMAN ROSENFELD: Good.

21 COMMISSIONER GEESMAN: I'll move the  
22 contract.

23 COMMISSIONER BOYD: Second.

24 ACTING CHAIRMAN ROSENFELD: Any  
25 discussion? Let's take a vote.

1 (Ayes.)

2 ACTING CHAIRMAN ROSENFELD: Approved

3 three to nothing. Thank you.

4 Minutes. Approval of the minutes for

5 April 30, 2003.

6 COMMISSIONER BOYD: Move approval.

7 COMMISSIONER GEESMAN: Second.

8 ACTING CHAIRMAN ROSENFELD: Vote.

9 (Ayes.)

10 ACTING CHAIRMAN ROSENFELD: Three to

11 nothing.

12 Chief Counsel's report.

13 MR. CHAMBERLAIN: Mr. Chairman, I have a

14 litigation report, and I'm pleased to say we don't

15 have to go into closed session for it.

16 First of all I want to commend Jonathan

17 Blee and several others in my office for this

18 very substantial piece of work, our opposition to

19 plaintiff's motion for judgment on the pleadings

20 in the Air Conditioning and Refrigeration

21 Institute case, which was filed about two weeks

22 ago.

23 In addition, there are two cases I need

24 to report on. One, of course, we've been

25 reporting on for quite awhile, the Metcalf

1 proceeding, which has finally come to an end. And  
2 the California Supreme Court has denied the  
3 petition for review. So the decision that we got  
4 from the Court of Appeal is now -- which is  
5 published and in the books -- is now final.

6 Related to that we have the Sarvey case  
7 related to the Tracy project, which was following  
8 a similar path, although the Superior Court had  
9 not yet ruled that it didn't have jurisdiction.  
10 It was waiting to see what would happen in the  
11 Metcalf case.

12 The plaintiff and the developer  
13 apparently entered into some kind of a settlement  
14 in March and tried to dismiss the matter, but that  
15 was delayed because they filed it in the wrong  
16 court. And finally there was a dismissal issued  
17 by the correct court on May 9th. So that case is  
18 also history.

19 So I think we're doing pretty well in  
20 court right now.

21 COMMISSIONER GEESMAN: Bill, I wonder if  
22 you could just comment briefly on the significance  
23 of that Court of Appeal decision in Metcalf.

24 MR. CHAMBERLAIN: Well, that decision  
25 begins with the question is section 255531 of the

1 Public Resources Code constitutional. And the  
2 answer is yes. That section, of course, is the  
3 one that says that judicial review of the Energy  
4 Commission's power facility licensing proceedings  
5 is to be done exclusively in the California  
6 Supreme Court. And that is the way that the Court  
7 of Appeal interpreted that section. And they  
8 ruled that it was constitutional.

9 Now, there was one minor issue, of  
10 course there might be some debate about how minor  
11 it is, that the court found the plaintiffs had  
12 raised in a footnote and had basically waived.  
13 Some party may someday decide that maybe that's a  
14 basis on which to challenge the constitutionality  
15 of that section again. But at least for now and  
16 for the foreseeable future, I think we should be  
17 able to avoid the multiple layer litigation that  
18 we've been subjected to in a number of cases in  
19 the past.

20 COMMISSIONER GEESMAN: And is that a  
21 published decision?

22 MR. CHAMBERLAIN: Yes, it is.

23 COMMISSIONER GEESMAN: You know, I think  
24 that in the context of all of the various  
25 proposals for reorganization that the Legislature

1 takes up, and also in the context of what appears  
2 to be movement in exactly the opposite direction  
3 by the Legislature, in terms of broadening the  
4 jurisdiction of the courts at several different  
5 levels to review Public Utilities Commission  
6 decisions, this is a real important step.

7 And I hope that those that look at this  
8 with some care in terms of legal scrutiny  
9 recognize the significance that this decision  
10 confers on the siting process that we've conducted  
11 now for more than 25 years.

12 And one of its prominent features,  
13 although I think rarely recognized in  
14 significance, one of its prominent feature is the  
15 direct appeal to the Supreme Court. I think it  
16 provides for a streamlined process that now  
17 hopefully will be observed by all of the  
18 California courts.

19 And certainly your office has  
20 established a very successful record in defending  
21 challenges to our siting decisions.

22 MR. CHAMBERLAIN: Thank you. I do think  
23 that this enhances the stature of the siting  
24 process. I've always felt that the Legislature in  
25 essence when it created this process it said we

1 want everybody to come in and make their full case  
2 to the Energy Commission. And for the Energy  
3 Commission then to make a decision which can only  
4 be reviewed at one level and very quickly. And  
5 that now appears to be the law of California.

6 COMMISSIONER BOYD: Mr. Chairman, I'd  
7 like to add to what Commissioner Geesman has just  
8 said, he brings out some excellent points, and I'm  
9 grateful that he did. And it just reminds me that  
10 in today's environment that I know Commissioner  
11 Geesman is sensitive to, since we sat through some  
12 hearings in this room not too long ago about  
13 permitting issues and what-have-you.

14 I hope Mr. Therkelsen, that this issue  
15 gets written up appropriately in the reports that  
16 we provide the administration on activities of  
17 this organization. I would suggest looking for a  
18 few other venues perhaps that might avail  
19 themselves to make note of this significant  
20 decision and what it means to the siting process,  
21 and what the siting/permitting process of the  
22 Energy Commission means with regard to today's  
23 needs for expeditious and efficient processing  
24 things.

25 I think some folks in other arenas have

1 testified in this room of late, and were reminded  
2 of that, maybe need an additional reminder of the  
3 value of this process and how it might be mirrored  
4 in other processes that find themselves coming  
5 before this institution.

6 ACTING CHAIRMAN ROSENFELD: So, good  
7 work, and Bob and Bill will try to publicize it.

8 Executive Director.

9 MR. THERKELSEN: Good point there,  
10 Commissioner Boyd. Three quick items for you  
11 today.

12 First of all, our budget process is  
13 continuing. Tomorrow we have our probably final  
14 hearing before the Assembly Budget Subcommittee.  
15 And on Thursday we have the final hearing before  
16 the Senate Budget Subcommittee.

17 We expect both of those subcommittees to  
18 go ahead and take formal action on our budget. We  
19 had a meeting this weekend with the staffs from  
20 both committees and one of the disappointing  
21 pieces of information was the Assembly Budget  
22 Subcommittee Staff was still interested in terms  
23 of looking at further reductions in PIER, other  
24 than the \$20 million loan that was proposed by the  
25 Governor.

1           And so we've been putting together  
2 scenarios in terms of what the program indications  
3 are, three different levels of funding that the  
4 Assembly Budget Staff asked us to prepare. We  
5 will see where that progresses in terms of the  
6 hearing tomorrow.

7           The Senate hearing I don't expect  
8 similar questions to come up, so if that PIER  
9 reduction is included in the Assembly budget that  
10 means that item will probably end up going before  
11 a conference committee. It will be an open item  
12 in terms of our budget.

13           On other budget-related news, as you  
14 know in late April we were asked to submit a  
15 personal services reduction plan, a layoff plan,  
16 to the Department of Personnel Administration.  
17 And we had briefings last week of staff in terms  
18 of what that plan means, what the layoff process  
19 may include, if we are asked to go to a layoff  
20 circumstance; something we won't know until the  
21 June timeframe.

22           But that way we've educated staff in  
23 terms of what may happen, what kind of steps we  
24 take next and what the whole process means for  
25 them individually, as well as for us as an

1 organization.

2           There are tremendous uncertainties as we  
3 pointed out to the staff in that whole process.  
4 And one of the things we have to do is wait and  
5 see what decisions are made and what we are  
6 requested to do in terms of the process.

7           The last item on my list is we are  
8 starting our work plan process for 2003/2004. And  
9 we'll be engaging you, as a group, as well as each  
10 of the committees, in discussions in June in terms  
11 of the activities that we have that we're  
12 proposing for 2003 and 2004, depending upon what  
13 level of staff resources and budget resources that  
14 we have. So we'll have a couple different  
15 scenarios for you on that.

16           And those are my action items for today.

17           ACTING CHAIRMAN ROSENFELD: Thank you,  
18 sir. The Public Adviser isn't even here. Guess  
19 she doesn't have a report.

20           And I don't see a lot of public, so I  
21 guess there's no public comment.

22           So, I guess we're adjourned. Thank you  
23 very much.

24           (Whereupon, at 10:37 a.m., the business  
25 meeting was adjourned.)

## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of May, 2003.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345