

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

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

WEDNESDAY, SEPTEMBER 3, 2003
10:07 A.M.

Reported by:
Alan Meade
Contract No. 150-01-006

COMMISSIONERS PRESENT

William J. Keese, Chairman

Robert Pernell

Arthur H. Rosenfeld

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

David Rubens

Shahid Chaudhry

Ram Verma

Adel Suleiman

Suzanne Korosec

Mark Hutchison

Guido Franco

PUBLIC ADVISER

Roberta Mendonca

ALSO PRESENT

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P R O C E E D I N G S

10:07 a.m.

CHAIRMAN KEESE: I call this business meeting of the Energy Commission to order. Commissioner Rosenfeld, would you lead us in the pledge.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRMAN KEESE: Thank you. Two Commissioners are excused for being late because they went till 1:30 in the morning.

Okay, before we get started here you've been notified that there will be a special meeting on the 9th of September to take up the siting of the Pico and Cosumnes Power Plants. And for three compliance items. I believe that's all that's on the agenda.

The meeting on the 17th of September has been canceled. Therefore, after our meeting on the 9th, the next meeting will be October 8th.

Item 1, Claremont Graduate University. Possible approval of a \$91,067 Energy Efficiency Assistance Act Account loan to Claremont Graduate University to install energy efficient lighting and controls in their facilities.

1 Good morning.

2 MR. RUBENS: Good morning,
3 Commissioners. My name's Dave Rubens and I'm with
4 the Nonres Office. And I'm in charge of this
5 project.

6 I want to let you know that the Energy
7 Efficiency Policy Committee approved this loan.
8 I'm requesting approval for the Claremont Graduate
9 University in the amount of \$91,067. The loan is
10 going to be used to convert the existing magnetic
11 ballasts in T12 lamps to new electronic ballasts
12 and T8 lamps, along with some new occupancy
13 sensors.

14 COMMISSIONER PERNELL: Mr. Chairman.

15 CHAIRMAN KEESE: Commissioner Pernell.

16 COMMISSIONER PERNELL: Mr. Chairman, Mr.
17 Rubens is correct. This did come before the
18 Efficiency Committee and it passed out of the
19 Efficiency Committee.

20 COMMISSIONER ROSENFELD: And it has a
21 3.7 year payback time.

22 COMMISSIONER PERNELL: Mr. Chairman,
23 again, Mr. Rubens is correct. This did go before
24 the Efficiency Committee and passed out of the
25 Committee. My colleague has indicated, which I

1 think is great, that it has a 3.7 year payback.

2 And if there's no questions I would move the item.

3 CHAIRMAN KEESE: Motion, Commissioner
4 Pernell.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRMAN KEESE: Second, Commissioner
7 Rosenfeld. Any questions?

8 All in favor?

9 (Ayes.)

10 CHAIRMAN KEESE: Opposed? Adopted five
11 to nothing. Thank you.

12 Item 2, City of Santa Rosa. Possible
13 approval of a \$488,000 Energy Conservation
14 Assistance Act account loan from bond funds to the
15 City of Santa Rosa to retrofit and modify two pump
16 stations at the Laguna Wastewater Treatment Plant.

17 Good morning.

18 MR. CHAUDHRY: Good morning, Mr.
19 Chairman and Commissioners. I'm Shahid Chaudhry
20 with the Efficiency Division. I'm here to request
21 for the approval of about half a million dollars
22 for the City of Santa Rosa.

23 The City of Santa Rosa wants to use this
24 loan amount to make changes and retrofit and
25 replacing motors and installing SCADA system at

1 their two pumping stations at their wastewater
2 treatment plant.

3 The City anticipates that as a result of
4 these changes they will reduce their peak load by
5 about 214 kilowatt; and reducing their annual
6 energy consumption by about 400,000 kilowatt
7 hours.

8 Consequently the City anticipates to
9 save annually approximately \$71,000, which would
10 result in a simple payback period of about seven
11 years.

12 The Efficiency Committee has already
13 approved this request.

14 CHAIRMAN KEESE: Thank you.

15 COMMISSIONER PERNELL: Mr. Chairman,
16 again this came before the Efficiency Committee,
17 as well as probably the next three items. What I
18 would say about these is that we have secure
19 bonding capacity, and these funds, we're using the
20 bonding funds to help cities and municipalities to
21 energy efficiency.

22 So I want to thank the staff for getting
23 these funds out the door, or helping us get these
24 funds out the door. And if there's no questions I
25 would also move the City of Santa Rosa's item.

1 COMMISSIONER ROSENFELD: Second.

2 CHAIRMAN KEESE: Motion, Pernell;
3 second, Rosenfeld.

4 All in favor?

5 (Ayes.)

6 CHAIRMAN KEESE: Opposed? Adopted five
7 to nothing.

8 MR. CHAUDHRY: Thank you, Mr. Chairman
9 and Commissioners.

10 CHAIRMAN KEESE: Thank you. Let me read
11 number 3. California Department of Mental Health.
12 Possible approval of a \$1,800,000 Energy
13 Conservation Assistance Act account from bond
14 funds to the California Department of Mental
15 Health to install premium efficiency motor on a
16 chilled water pump and an energy management system
17 at the Patton State Hospital.

18 COMMISSIONER PERNELL: Mr. Chairman.

19 CHAIRMAN KEESE: Commissioner Pernell.

20 COMMISSIONER PERNELL: Same response.

21 And if there's no questions I would move the item.

22 CHAIRMAN KEESE: Motion, Commissioner
23 Pernell.

24 COMMISSIONER ROSENFELD: Second.

25 CHAIRMAN KEESE: Second, Commissioner

1 Rosenfeld.

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted. You
5 got the big one.

6 PRESIDING MEMBER BOYD: Good job.

7 (Laughter.)

8 CHAIRMAN KEESE: Well, not the biggest
9 one.

10 Item 4, City and County of San
11 Francisco. Possible approval of a \$2.5-million
12 Energy Conservation Assistance Act account from
13 bond funds to the City and County of San Francisco
14 for a 250 kW photovoltaic system and a motor
15 efficiency project at the Southeast Water
16 Treatment Plant.

17 Commissioner Pernell?

18 COMMISSIONER PERNELL: Mr. Chairman,
19 this is a large item, but as many of you know the
20 City of San Francisco is very progressive. And
21 they are an energy efficient city with their
22 photovoltaic systems. And, quite frankly, they
23 need the power.

24 This came before the Efficiency
25 Committee and was passed out. And, Mr. Chairman,

1 if there's no questions from the Board, I would
2 move the item.

3 CHAIRMAN KEESE: Motion, Pernell.

4 COMMISSIONER ROSENFELD: I would second
5 it.

6 CHAIRMAN KEESE: Second, Rosenfeld. Any
7 questions?

8 Seeing none, all in favor?

9 (Ayes.)

10 CHAIRMAN KEESE: Opposed? Adopted five
11 to nothing.

12 Followed by the City and County of San
13 Francisco. Possible approval of a \$2,739,603
14 Energy Conservation Assistance Act account from
15 bond funds. This is to the City of San
16 Francisco -- a little edit there -- to replace
17 their boilers, chillers and energy management
18 system with new systems.

19 COMMISSIONER PERNELL: Mr. Chairman.

20 (Laughter.)

21 CHAIRMAN KEESE: Commissioner Pernell.

22 COMMISSIONER PERNELL: As I just said
23 about the City of San Francisco, they also realize
24 we have bond funding and they want all the money
25 seems like.

1 But, again, this came before the
2 Efficiency Committee and it passed out of the
3 Efficiency Committee. And we are pleased, from
4 the Efficiency Committee, to help our sister city,
5 the City of San Francisco.

6 And if there's no questions, I would
7 move the item.

8 CHAIRMAN KEESE: Motion, Pernell.

9 COMMISSIONER ROSENFELD: Second.

10 CHAIRMAN KEESE: Second, Commissioner
11 Rosenfeld. Any discussion?

12 All in favor?

13 (Ayes.)

14 CHAIRMAN KEESE: Opposed? Adopted five
15 to nothing. Thank you.

16 Item 6 is over to a future meeting.

17 Item 7. High Winds, LLC. Possible
18 approval of a \$4,446,000 conditional funding award
19 agreement under the new renewable resources
20 account to High Winds, LLC. Conditional meaning
21 conditional on them producing electricity.

22 MS. KOROSSEC: Exactly.

23 CHAIRMAN KEESE: Ms. Korosec.

24 MS. KOROSSEC: Good morning,

25 Commissioners. I'm Suzanne Korosec; I'm with the

1 new renewable resources account and the renewable
2 energy program.

3 The High Winds project is a 70 megawatt
4 wind project that's owned by FPL Energy located in
5 Solano County. The project was a winning bidder
6 in the Energy Commission's second auction to award
7 incentives to new renewable generators.

8 As you said, Chairman, the incentives
9 are contingent on projects coming online, are not
10 paid until the project actually produces
11 electricity. And are then paid monthly for each
12 kilowatt hour generated.

13 The second auction was held in October
14 of 2000 and was primarily intended to bring new
15 generation online quickly to help with the
16 electricity situation in California at that time.
17 Toward that end projects were required to come
18 online by July 1, 2001 to get their full funding
19 award. If they did not come online by that date
20 they were subject to significant penalties.

21 The High Winds project came online July
22 1st of this year, and is therefore subject to a 50
23 percent penalty to its award.

24 The Commission has typically not signed
25 funding award agreements with projects from the

1 second auction until the projects are actually
2 online because the final funding award amount
3 can't be determined until the online date happens.

4 Now that we've determined that the
5 project is subject to the 50 percent penalty, the
6 Renewables Committee is recommending that the
7 Commission approve and sign the final funding
8 award agreement for the High Winds project.

9 CHAIRMAN KEESE: Thank you.

10 COMMISSIONER GEESMAN: Mr. Chairman,
11 this was taken up actually several times by the
12 Renewables Committee. This is a terrific project.
13 I think you and quite possibly the rest of the
14 world will see a great deal about it when it has
15 its ceremonial opening in a couple of weeks. I
16 regret I won't be able to be there because I've
17 had a siting case come up that needs to have that
18 day for hearing time.

19 But it's truly a significant development
20 in California because of the first appearance of
21 these larger wind turbines. And I'm proud that
22 we've had an early involvement with the project.

23 I would move the item.

24 CHAIRMAN KEESE: Motion, Commissioner
25 Geesman.

1 PRESIDING MEMBER BOYD: Second.

2 CHAIRMAN KEESE: Second, Commissioner
3 Boyd.

4 COMMISSIONER PERNELL: Mr. Chairman.

5 CHAIRMAN KEESE: Commissioner Pernell.

6 COMMISSIONER PERNELL: Just a question
7 to Commissioner Geesman. Will there be anyone
8 from the Commission represented at the grand
9 opening? I mean this is, I would agree that this
10 is pretty significant. And if we can have someone
11 there to represent the Energy Commission I think
12 it would be great.

13 COMMISSIONER GEESMAN: There will be and
14 I'm not quite certain who the designated hitter
15 will be, but we definitely will be there.

16 COMMISSIONER ROSENFELD: And while
17 you're at it, arrange for a windy day.

18 CHAIRMAN KEESE: Thank you. Let's take
19 the vote.

20 All in favor?

21 (Ayes.)

22 CHAIRMAN KEESE: Opposed? Adopted five
23 to nothing. You mention that Commissioner Geesman
24 may regret that he's not going to be able to be
25 there. I will not be able to be there, either,

1 but I don't have many regrets.

2 (Laughter.)

3 CHAIRMAN KEESE: I'll be having a lot
4 more fun. I do hope somebody from the Commission
5 can make it.

6 Item 8. Governor's Office of Planning
7 and Research. Possible approval of \$45,000 to
8 renew and interagency agreement with the
9 Governor's Office of Planning and Research to
10 provide stuff, otherwise known as tithing.

11 Do I have a motion?

12 COMMISSIONER GEESMAN: Move the item.

13 CHAIRMAN KEESE: Motion, Geesman.

14 COMMISSIONER PERNELL: Second.

15 CHAIRMAN KEESE: Second, Pernell.

16 All in favor?

17 (Ayes.)

18 CHAIRMAN KEESE: Opposed? Adopted five
19 to nothing.

20 Item 9, California Electricity Oversight
21 Board. Possible approval of an amendment to
22 contract 200-99-006 to augment the existing budget
23 by \$200,000.

24 Basically this is that the Oversight
25 Board is going to give us more funds. Did anybody

1 want an explanation? We should hear a brief
2 explanation of what we're doing here.

3 MR. HUTCHISON: Sure. The Commission
4 has been supporting administratively the
5 Electricity Oversight Board --

6 PRESIDING MEMBER BOYD: Excuse me, who
7 are you?

8 MR. HUTCHISON: Apologize. Mark
9 Hutchison, Financial Services Branch with the
10 Energy Commission.

11 COMMISSIONER PERNELL: He writes the
12 checks.

13 MR. HUTCHISON: We have been
14 administratively supporting the Board since their
15 inception, so for about five or six years now.
16 We're at the point, though, where we're actually
17 going to wean ourselves from that. And the
18 Electricity Oversight Board is looking to other
19 sources to provide that administrative support,
20 primarily the Department of General Services.

21 However, there's a transition periods
22 that's going to occur over the next few months.
23 And so this contract will continue our support,
24 but this contract will ultimately be assigned to
25 the Department of General Services to support

1 their budget and accounting services, and possibly
2 personnel.

3 So, we're asking for your approval to
4 accept these funds. But, again, most of these
5 funds will actually be assigned over to DGS.

6 CHAIRMAN KEESE: Do I have a motion?

7 PRESIDING MEMBER BOYD: So moved.

8 CHAIRMAN KEESE: Motion, Boyd.

9 COMMISSIONER GEESMAN: Second.

10 CHAIRMAN KEESE: Second, Geesman.

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed? Adopted five
14 to nothing, thank you.

15 California Department of Forestry.
16 Possible approval of an interagency agreement
17 R500-03-007 for \$49,980 with the CDF to repay the
18 PIER program for performing a second case study in
19 conjunction with an ongoing project.

20 This, again, is a repayment. Briefly,
21 please.

22 MR. FRANCO: Yes, good morning,
23 Commissioners. My name is Guido Franco with the
24 Public Interest Energy Research program.

25 As you may know, the California Energy

1 Commission, through it's Public Interest Energy
2 Research program, has a contract with Winrock
3 International for a research project designed to
4 estimate the amount of carbon that could be
5 sequestering -- ecosystems in California.

6 For example, improving forest management
7 practices in existing forests. How they would
8 increase the amount of carbon stored in those
9 forests.

10 We are working very closely with the
11 Department of Forestry on this project. The
12 Department of Forestry is providing us access to
13 new data sets and also extensive technical
14 support.

15 When we designed this project, together
16 with the California Department of Forestry, we
17 envisioned two field studies to actually measure
18 the amount of carbon that's being sequestered in -
19 - forestry activities.

20 The agreement with the California
21 Department of Forestry was that they will repay us
22 for adding the second case study to -- project.
23 The total amount for the second case study that
24 will be the amount that will be repaid by the
25 California Department of Forestry is \$49,980.

1 The repayment to the PIER program will
2 be done using the interagency agreement. The RD&D
3 Committee has approved this interagency agreement
4 several weeks ago. I'm here today to ask you for
5 the approval of the full Commission.

6 CHAIRMAN KEESE: Thank you.

7 COMMISSIONER ROSENFELD: Mr. Chairman,
8 as Guido said, it's come before the R&D Committee.
9 We are please with the project, so I move --

10 CHAIRMAN KEESE: Motion, Rosenfeld.

11 COMMISSIONER GEESMAN: Second.

12 CHAIRMAN KEESE: Second, Geesman.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted five
16 to nothing. Thank you.

17 Do I have a motion on the minutes,
18 approval of the minutes from August 20, 2003?

19 COMMISSIONER ROSENFELD: I move.

20 CHAIRMAN KEESE: Motion, Rosenfeld.

21 COMMISSIONER PERNELL: Second.

22 CHAIRMAN KEESE: Second, Pernell.

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted five

1 to nothing.

2 Commission Committee and Oversight,
3 Commissioner Rosenfeld?

4 COMMISSIONER ROSENFELD: Yes, Mr.
5 Chairman, I have some news to report. As you
6 know, I'm the CEC representative to an ongoing
7 proceeding with the PUC. President Peevey and me
8 and Susan McPeak from the Power Authority. And
9 that's on demand response.

10 And that's gone extremely well. We've
11 been meeting for about a year. We have at least
12 ten participants in the activities from the CEC,
13 led by Mike Messenger and Mike Jaske. And we've
14 got a tariff approved and we have a pilot project
15 going on, and a good chance that all this is going
16 to get implemented statewide.

17 I don't want you to confuse that with
18 what I'm about to bring up now, which sounds like
19 it's going to be another ad hoc committee. But
20 this time it's on energy efficiency and how to
21 manage the public goods charge.

22 Until recently Commissioner, formerly
23 President and Commissioner Lynch had been running
24 two proceedings. One was the public goods charge,
25 which is \$250 million a year on energy efficiency;

1 and the other was the procurement proceeding.

2 In the shake-up over the last year at
3 the PUC, Susan Kennedy was assigned the public
4 goods charge -- is assigned Commissioner for the
5 public goods charge proceeding; and President
6 Peevey, himself, took over the procurement.

7 The public goods charge had been run on
8 a year-to-year basis by Commissioner Lynch, which
9 really didn't work very well. I guess everybody
10 agreed that it's difficult to get your money in
11 March to run a program which was supposed to have
12 started January, and you don't know what's going
13 to happen the following year.

14 So, Commissioner Kennedy is very much in
15 favor of going to two- or three-year funding and
16 looking into the whole administration. And has
17 been working with a sort of kitchen cabinet of me
18 from the Energy Commission, with loads of help
19 from Mike Messenger. And with a bunch of her
20 colleagues from public interest groups,
21 particularly NRDC.

22 There's more than one issue. There's
23 the total administration issue and there's also
24 the fact that Commissioner Peevey, under
25 procurement, has told the utilities about six

1 months ago, look, restructuring didn't work very
2 well and we had a power shortage and we're going
3 to put the obligation to serve back on your backs.
4 And you, the utilities, have to figure out how to
5 have enough resources to meet load.

6 And partly that's going to be to make
7 long-range contracts for power or build power
8 plants. But partly it's going to be whatever is
9 cheaper to meet load, and some of that's going to
10 be energy efficiency.

11 And given that, the utilities have come
12 in with what they call efficiency resource
13 acquisition plans which add up to a lot of money,
14 about \$150 million a year. And President Peevey
15 wants to merge that flow of money, which is for
16 efficiency, with the public goods charge, adding
17 up to one big pot of about \$400 million a year.

18 And Susan Kennedy and Peevey have
19 invited the Energy Commission into a joint
20 proceeding again to work all that out. So, that's
21 going to require either that our ad hoc committee
22 for demand response be enlarged -- we need a
23 second committee with the same people on it.

24 But I wanted to let you know about this
25 progress because Susan Kennedy has decided to move

1 pretty fast. We've worked out about five
2 workshops to get started on looking at the
3 question of what should the statewide goals be for
4 energy efficiency. And that's going to take a
5 couple of workshops.

6 And then who should begin to be the
7 candidates for administering all this money.
8 Right now it's the utilities, and for the next
9 couple of years, just by the laws of inertia, it's
10 going to be the utilities. But for the out years
11 it may well not be the utilities who have sort of
12 the monopoly on administering this. It might, in
13 fact, even have some programs administered by the
14 Energy Commission. And certainly there will be
15 lots of cities and public groups who are
16 candidates.

17 So, the specific question right now is
18 Susan must have the first workshop this month or
19 maybe early October. You will be getting copies
20 of the invitation. And you want to know what the
21 CEC's role is in this. So I wanted to let you
22 know that I have been meeting with Kennedy, and as
23 I said, Mike Messenger has been working very hard
24 on all of this.

25 So this is a progress report, just a

1 progress report. But, I wanted to let you know
2 what's going on. And just say that we'll need
3 very tight coordination with the Energy Efficiency
4 Committee, which is Robert -- Commissioner Pernell
5 and myself. And I think we're working that out.
6 And I will continue to keep you folks informed.

7 Thank you.

8 CHAIRMAN KEESE: Thank you. You
9 presented the issue of whether this should stay
10 under the DR. This is clearly one of the, at
11 least part of the genesis of this is the energy
12 action plan, --

13 COMMISSIONER ROSENFELD: Right.

14 CHAIRMAN KEESE: -- which called for
15 this activity to be done jointly. I don't recall
16 whether we took an action on the previous -- on
17 the demand response one, did we?

18 COMMISSIONER ROSENFELD: Yes. On demand
19 response, it actually appeared as an ad hoc
20 committee appointed by you.

21 CHAIRMAN KEESE: I would ask if anybody
22 has any recommendation whether we expand that
23 committee or shall we research this and come back?

24 COMMISSIONER GEESMAN: I would suggest
25 expanding the committee. I think one of the

1 seminal things in this chronology of events was
2 the ruling that Commissioner Kennedy made on July
3 3rd, which is featured fairly prominently a couple
4 of times in our Public Interest Energy strategies
5 document.

6 And it speaks to how energy efficiency
7 will ultimately be incorporated in the utility
8 procurement plan. It also speaks to demand
9 response in that same context. And I think it
10 would be more efficient to simply expand the
11 existing demand response ad hoc committee in order
12 to promote the same type of integration on our
13 side of the Nut Tree that appears to exist on the
14 other side.

15 CHAIRMAN KEESE: Thank you. Any other?

16 PRESIDING MEMBER BOYD: Well, I would
17 just echo what Commissioner Geesman said, and it's
18 true, within the framework now of the Integrated
19 Energy Policy Report we've had and heard a lot of
20 discussion. And you almost have to diagram this
21 issue now with the energy action plan, the
22 Integrated Energy Policy Report and the activities
23 that are subsidiary to all those activities, in
24 addition to the normal course of events here have.

25 And with this efficiency becoming job

1 one, so to speak, in all three legs of the energy
2 stool, electricity, natural gas, and now with our
3 reports on transportation fuel, and that won't be
4 subject to the ad hoc committee's work with the
5 PUC. But nonetheless, efficiency has become such
6 that it cuts across everything.

7 So, probably need to think about how to
8 plug it into all the various activities of the
9 Commission.

10 COMMISSIONER PERNELL: Well, Mr.
11 Chairman, I would make it unanimous here. And not
12 to be redundant, but just to say that the
13 Efficiency Committee has a long history of coming
14 up with efficiency measures. And to have a good
15 coordination with the PUC and, of course, the
16 representative who is Commissioner Rosenfeld, I
17 think it's a great thing. And it's a wise
18 decision.

19 So, if there's a motion to expand the
20 committee, or do we even need that. But I think
21 what you're hearing is that expanding the existing
22 committee and continue to work on a positive level
23 with the PUC as we move forward with the
24 efficiency for the State of California.

25 CHAIRMAN KEESE: Okay, I believe we have

1 a consensus here. This was an informational item.
2 Mr. Therkelsen and Mr. Chamberlain, will you
3 advise us for the next, at least temporarily,
4 going forward we will deal with this the way it's
5 been dealt with to this point, which is under the
6 DR group.

7 MR. CHAMBERLAIN: Right. And I take --

8 CHAIRMAN KEESE: And then --

9 MR. CHAMBERLAIN: -- it what you'd like
10 is for us to expand the charter of that
11 committee --

12 CHAIRMAN KEESE: If we have to do it
13 formally, we'll do it formally. If we can do it
14 informally, we'll do it informally. But between
15 now and the next meeting next week, can you
16 just -- on the 9th can you just tell us what we
17 should do?

18 MR. CHAMBERLAIN: Okay.

19 CHAIRMAN KEESE: Thank you.

20 COMMISSIONER ROSENFELD: And I realize
21 now there is one more sentence. I didn't realize
22 we were going to get into quite this much detail.
23 When this was -- when we first started meeting
24 with Susan Kennedy the discussion was all about
25 goals for kilowatt hours per capita, and could we

1 try to hold that constant, even though the Energy
2 Commission says the demand, forecasted demand is
3 going to go up.

4 We've realized since we started meeting
5 that there's a little interesting issue of natural
6 gas. We haven't put as much attention into
7 conservation measures for natural gas. We realize
8 we damn well better.

9 And so that's going to require more
10 coordination, of course. That's not just the
11 Energy Efficiency Committee with Commissioner
12 Pernell, but it's getting to be the whole
13 Commission. So we have a big coordination job to
14 do.

15 CHAIRMAN KEESE: Thank you.

16 COMMISSIONER PERNELL: And we're up for
17 the task.

18 CHAIRMAN KEESE: Anything else under
19 Commission Committee and Oversight?

20 Seeing none, Chief Counsel's report.

21 MR. CHAMBERLAIN: Yes, Mr. Chairman.
22 Four weeks ago you directed -- the Commission
23 directed me to file a petition for rehearing in
24 the Blythe case in the court of appeal. And we
25 did that.

1 I have to report that the court of
2 appeal denied our petition for rehearing, but they
3 modified their opinion in a way that actually did
4 pretty much what I asked them to do. They took
5 out some language that had been very troubling in
6 suggesting that the Commission didn't have
7 authority to control the effective date of its
8 decisions. And limited their decision to what
9 actually occurred in that case.

10 So I'm very pleased with what happened
11 even though they denied my petition.

12 I also have -- I was served yesterday
13 with a complaint filed by William Powers in the
14 Palomar matter. I believe that's premature. That
15 matter is coming up on the 9th, the consideration
16 of petitions for reconsideration. If you would
17 like to discuss this case, though, I suppose we
18 should go into closed session to do so.

19 CHAIRMAN KEESE: We will be going into
20 executive session after this meeting to discuss
21 personnel matters. We can also discuss
22 litigation.

23 Conclude your report?

24 MR. CHAMBERLAIN: Yes.

25 CHAIRMAN KEESE: Executive Director's

1 report.

2 MR. THERKELSEN: Good morning,
3 Commissioners. Last Friday the Department of
4 Finance submitted a letter to the Legislature
5 listing the reductions that they are implementing
6 as a result of the executive order to basically
7 reduce state personnel services.

8 The Energy Commission was included in
9 that list. And in essence what the Department of
10 Finance has done is approved our layoff plan.
11 That plan was modified to reflect a 12 percent cut
12 as directed by the Administration. And that plan
13 is being implemented.

14 The Department of Finance has also
15 essentially accepted all 12 percent of that cut.
16 The consequence of that is that we will be losing
17 a significant number of positions. We'll be
18 losing a significant number of contract employees.
19 We'll be reducing our operating expenses as
20 reflected in that worst case work plan, if you
21 will, that we submitted to you.

22 Because they're not exceeding that
23 amount right now, we are implementing the work
24 plan and moving forward on all of those
25 reductions. The good news, if there is some in

1 here, is that we will not have to eliminate any
2 warm bodies from within the building. The
3 combination of the reductions of vacancies and
4 other actions has eliminated or avoided the need
5 to have actual layoffs of people, even though
6 we're going to have a significant impact to our
7 programs.

8 We are implementing, as I mentioned,
9 reductions in operating expenses, and that
10 includes student funds, travel. Communications,
11 we're eliminating cell phones and phone lines and
12 everything else around the Commission to basically
13 implement this plan that has been accepted.

14 So, but we are moving forward.

15 CHAIRMAN KEESE: Thank you.
16 Commissioner Geesman.

17 COMMISSIONER GEESMAN: I presume, Bob,
18 in your calculation of how to achieve our savings
19 goal there are some planned retirements
20 incorporated in that, as well?

21 MR. THERKELSEN: The planned retirements
22 are only included to the extent that they have
23 been officially announced. In other words, if
24 there was somebody that was contemplating
25 retirement, but that was not officially announced,

1 we did not include them.

2 COMMISSIONER GEESMAN: You might
3 circulate to the Commissioners anybody on that
4 planned announcement list.

5 MR. THERKELSEN: We're looking for sign-
6 ups.

7 (Laughter.)

8 CHAIRMAN KEESE: Should there be, you
9 know, now that it's been approved, should there be
10 retirements in the next few months, does that
11 allow us to move back and replace some of the
12 contract people or --

13 MR. THERKELSEN: If there are
14 retirements those positions will become vacant.
15 The Commission has six months to fill those
16 positions until they are eliminated based upon the
17 current law. There is still a hiring freeze in
18 place, so it means any of those positions, if we
19 want to fill it from either inside the building,
20 if we want to transfer, for example, an individual
21 from one part of the organization to another part
22 of the organization, or if we want to bring
23 someone else from outside of the building in, we
24 have to get a hiring freeze exemption approved by
25 the Department of Finance. Which in the past has

1 taken anywhere from two to six months to get that
2 approval.

3 The one exception here is that there are
4 a number of agencies that are actually having
5 layoffs, and they do have people that will be on
6 surplus lists. And we will be able to pick up
7 people on surplus lists without going through the
8 freeze exemption process. So we will have some
9 ability, if you will, to fill those.

10 One of the things that I let everybody
11 in the building know is that as vacancies become
12 available we will be looking at the highest and
13 best use of that position and where to place it in
14 the organization. So even though the vacancy
15 occurs in one part of the organization, doesn't
16 mean it will remain there. It may be moved to an
17 area of the organization that has a higher need, a
18 higher priority program and will be filled in that
19 location.

20 COMMISSIONER PERNELL: Mr. Chairman.

21 CHAIRMAN KEESE: Commissioner Pernell.

22 COMMISSIONER PERNELL: Mr. Chairman, I
23 want to take this opportunity to thank Mr.
24 Therkelsen, our Executive Director, and his
25 executive staff for putting together a plan that

1 with the bottomline not eliminating any existing
2 employees.

3 I think that's important. We've talked
4 about that quite a bit. Because when you lay off
5 employees you're not just affecting them, but they
6 have families and they have obligations. So to
7 put together a plan and get it through Finance
8 that even though we lost our vacancies and some
9 contract employees, who, I would argue, have a
10 better sense of the job market than existing
11 employees who haven't been out there in awhile, I
12 think it's great to be able to put together a plan
13 like that, and get it through Finance. And keep
14 all of the existing employees that are now on,
15 that are now dependent on the job for their
16 economic livelihood.

17 So, I just want to thank you for that.
18 I know it wasn't easy dealing with Finance and
19 talking to the managers and putting this whole
20 plan together. And I know it didn't come easy.
21 So, I just want to take the opportunity to thank
22 you and your staff for doing that.

23 MR. THERKELSEN: Thank you.

24 CHAIRMAN KEESE: Thank you. Public
25 Adviser's report.

1 MS. MENDONCA: Thank you, Commissioners.
2 There's nothing to report at this time.

3 CHAIRMAN KEESE: Thank you. Public
4 comment. Seeing nobody who has public comment, we
5 will -- this meeting is adjourned, subject to our
6 going into executive session on personnel and
7 litigation matters in my office.

8 Thank you.

9 (Whereupon, at 10:40 a.m., the business
10 meeting was adjourned, subject to
11 Executive Session.)

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CERTIFICATE OF REPORTER

I, ALAN MEADE, 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 7th day of September, 2003.

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