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August 5, 2010

**VIA E-MAIL AND HAND DELIVERY**

Karen Douglas, Chair
James D. Boyd, Vice Chair
Jeffrey D. Byron, Commissioner
Anthony Eggert, Commissioner
Robert B. Weisenmiller, Commissioner
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: August 6, 2010 Business Meeting - Item #1 (Revision of State Energy Program Guidelines)

Dear Commission:

We are the legal counsel for Western Riverside Council of Governments ("WRCOG") in its pending lawsuit against the Department of General Services ("DGS") and California Energy Commission ("CEC") in Riverside County Superior Court Case No. RIC 10005849. As you may be aware, Judge John D. Molloy issued an order on May 21, 2010, which includes an injunction against the CEC that prohibits the expenditure of any funds awarded under Program Opportunity Notice ("PON") No. 400-09-401. This order remains in full effect during the pendency of DGS and CEC's current appeal, as confirmed by Judge Molloy's July 2, 2010 ruling denying CEC's motion to stay the injunction.

WRCOG has received information concerning the recent developments with the State Energy Program, including the Commission's July 28, 2010 Business Meeting, wherein the Commission voted to cancel PON No. 400-09-401 and the Notice of Proposed Awards issued thereunder. In light of this cancellation and the proposed amendments to the State Energy Program Guidelines, a WRCOG staff member called the CEC to enquire about funding opportunities under the amended program. The WRCOG staff member was informed that the CEC intends to fund only the five agencies selected for contracts under PON No. 400-09-401 (Sacramento County, County of Humboldt, City & County of San Francisco, County of Sonoma, and City of Los Angeles), and that there would no additional funding for other jurisdictions or programs.

Were the CEC to proceed as described above by dispersing the funds in essentially the same manner as under the PON, the CEC would knowingly violate Judge Molloy's May 21, 2010 injunction. By this letter, the CEC is hereby notified that the CEC shall not disburse funds previously awarded under PON No. 400-09-401, and WRCOG will pursue all available legal remedies against all individuals and entities responsible for any violation of the Court's order.

Sincerely,

Jeffrey V. Dunn
of BEST BEST & KRIEGER LLP

cc: Michael J. Levy, Chief Counsel (via email and mail)
Michael G. Witmer, Deputy Attorney General (via email and mail)