



MANAGEMENT CONSULTANTS

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C08-52

August 7, 2008

Ms. Mary Nichols
Chair, California Air Resources Board
1001 I Street
Post Office Box 2815
Sacramento, California 95812

Re: AB 32 Draft Scoping Plan and Appendices

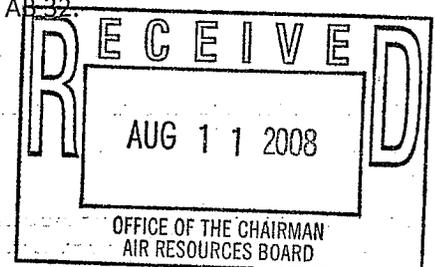
Dear Ms. Nichols:

FCI Management Consultants is a minority owned, small business energy company, implementing and managing energy efficiency programs for utility companies in Southern California. Therefore it was with great concern that I read about the Draft AB 32 Scoping Plan and Appendices recently published by the Air Resources Board.

While my colleagues and I support the goals of AB 32, it's apparent that further thought is needed as to the actual costs of this legislation and its overall impact on our economy, our businesses, consumers, and the everyday lives of California families. Nowhere will these costs and impacts be more severely felt than by minority-owned and small businesses, low income neighborhoods and communities of color.

Both the Scoping Plan and the appendices place a disproportionate emphasis on the vision of California leading the world in climate change policy, and not nearly enough honest analysis of what this leadership will cost us. Throughout the appendices it was noted time and again that the true costs of AB 32 programs won't be known until the policies are actually adopted or the technologies actually placed in use. But the Draft Scoping Plan did mention billions of dollars in annual costs for public goods service charges and carbon fees alone. It acknowledged that utility and fuel costs would go up. Clearly, there is unlimited potential for a multi-billion dollar drain on the budgets of all Californians, with those least able to afford it having the most to lose.

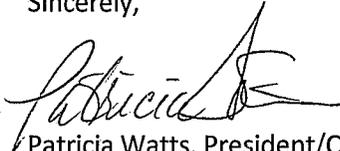
It's astonishing that the general economic climate in our state has been ignored throughout these plans and calculations. We are facing higher personal and corporate income taxes to make up the budget deficit, proposals for multiple increases in sales tax, gas taxes and vehicle registration fees at the state, regional and local level. We are staggering under the burden of rapidly rising fuel and utility costs, and many of the state's major utilities have announced they will seek significant rate hikes that consumers fear they will not be able to afford. All of this before one penny is spent on AB 32.



The Plan does project that there will be long-term energy savings from these policies, but it doesn't explain how our businesses and families will be able to cover the costs up front in the first years of the program.

That's why while I support the goals of AB 32, it is impossible for me to support the Scoping Plan and Appendices. Without a fiscally responsible approach, the goals will not be achieved and many small and minority-owned business, low income families and minority communities will face economic ruin. Please take a more realistic look at the consequences you will be imposing on us, and give us a plan that will get us the needed emissions reductions without inflicting unreasonable and unsustainable financial burdens on our businesses and communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia Watts", with a stylized flourish at the end.

Patricia Watts, President/CEO
FCI Management Consultants

PW:jc