

ATTACHMENT 5B



*California Recovery Task Force*

March 23, 2010

Mr. Ron Diedrich, Acting Director  
Department of General Services  
Executive Office  
PO Box 989052  
West Sacramento, CA 95798-9052

Dear Mr. Diedrich:

Per our conversation on Thursday, March 18, I have been directed by Governor Schwarzenegger to take a comprehensive view of both the guidelines and the specific contract that was competitively awarded by the California Energy Commission to Portland Energy Incorporated, a solicitation referred as Program Opportunity Notice PON 400-09-402 Municipal and Commercial Building Targeted Measure Retrofit Program.

We believe, given the Department of General Services' expertise in both contract review and guidelines of competitively awarded contracts, the department is best suited to perform this objective review.

These funds in question are part of what California has received through the American Recovery and Reinvestment Act for the State Energy Program. We request that you deploy department resources as soon as possible given the requirement for timely distribution of funds and offer an objective analysis on whether both the competitive guidelines and application submitted by Portland Energy Inc. were awarded appropriately. Your analysis should address, at a minimum, the question of whether any conflict of interest laws, principles or policies were violated in this process.

I have instructed the California Energy Commission to provide any assistance necessary for you to perform your comprehensive review and look forward to receiving your objective opinion in two weeks.

Thank you for your time and attention on this matter.

Sincerely,

HERB K. SCHULTZ  
Senior Advisor to the Governor and  
Director of the California Recovery Task Force.

Mr. Ron Diedrich

March 23, 2010

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cc: Scott Harvey, Chief Deputy Director, Department of General Services  
Karen Douglas, Chairman, California Energy Commission  
Scott Reid, Cabinet Secretary, Office of the Governor  
Robert Gore, Senior Deputy Cabinet Secretary, Office of the Governor  
Dan McGuire, Deputy Legal Affairs Secretary, Office of the Governor  
Todd Ferrara, Deputy Secretary, National Resources Agency