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BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of:)
) Docket No. 07-FET-1
Fuel Efficient Tire Program)
(AB 844, Statutes of 2003))

TRANSPORTATION POLICY COMMITTEE WORKSHOP

ON THE

FUEL EFFICIENT TIRE PROGRAM

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA



ORIGINAL

WEDNESDAY, JUNE 10, 2009

10:00 A.M.

Reported by:
Peter Petty
Contract Number:

COMMISSIONERS PRESENT

Karen Douglas, Chairman and Associate Member,
Transportation Policy Committee
Diana Schwyzer, her Advisor
Susan Brown, Advisor to Vice Chairman and Presiding Member,
Transportation Policy Committee

STAFF PRESENT

Ray Tuvell, Manager, Emerging Fuels and Technology Office

PRESENTERS

Mike Wischhusen, Michelin North America, Inc.,
Representing Rubber Manufacturers Association

Public Comment

Daniel Guiney, Yokohama Tire Corporation
Luke Tonaschel, National Resources Defense Council (NRDC)*
John Rassetter, Tire Rack*
Tracey Norberg, Rubber Manufacturers Association
Tim Robinson, Bridgestone Firestone North American Tire, LLC
Thomas Okihisa, Toyo Tires
Andrew Fanara, US EPA

* Via WebEx

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P R O C E E D I N G S

JUNE 10, 2009

10:05 a.m.

COMMISSIONER DOUGLAS: Good morning. Welcome to the Transportation Committee's Workshop on the Commission's Fuel Efficient Tire Program. AB 844 requires the Energy Commission to develop and implement a comprehensive fuel efficient tire program, including consumer information standards for passenger vehicles and light duty trucks. Our tire program is a component of a California statewide effort to reduce greenhouse gas emissions, as required by AB 32. Low pressure of tires can reduce a vehicle's greenhouse gas emissions by one to two percent and the Air Resources Board is counting on our regulations to deliver 300,000 metric tons of CO₂ equivalent emission eruptions by 2020.

Today, staff will be presenting us with proposed Tire Rating and Reporting Requirements. I am very pleased that the tire industry has been engaged in this proceeding, and we look forward to hearing from them today, as well as from other interested stakeholders. Thank you very much. And I will now turn this over to Ray Tuvell to present the staff proposal.

MR. TUVELL: Thank you, Commissioner Douglas. Before we get started, I have a few housekeeping requirements that have mandatory reading requirements. In case there happens to be an emergency in the building, I

1 would like you to follow those of us who work here; we will
2 go kitty-corner, across the street to the park, and wait for
3 instructions to return. The restrooms are just outside this
4 room, that direction if you are looking at me pointing, and
5 there is a snack bar up one floor in this direction if you
6 feel like taking a break. Now, we will be scheduling breaks
7 during the meeting at the appropriate points at the end of
8 the presentations, and if we desire, to have a break right
9 at noon if we can.

10 We are recording this meeting. And so for those
11 of you present in the room, as well as we do have WebEx
12 connections to this meeting, and so we have remote
13 participants, I would ask you, that if you have questions or
14 comments, that you come to a speaker up here, a small podium
15 -- a microphone, I am sorry -- and state your name and
16 affiliation, then put your comments or questions on the
17 record. Also, in our Public Notice, we have mentioned that
18 we will be accepting written comments up to two weeks after
19 this workshop, and we encourage you to submit those
20 comments. And also, if you are not already aware, the
21 Commission does have a website on this program, and on that
22 website we do have a list server, and if you sign-up with
23 your e-mail address on that list server, you will get
24 automatic notifications any time anything is added to our
25 website, and we do add everything to our website, including

1 Notices of the meeting, all of the documents that you see
2 today, as well as the presentations that will be made today
3 will be posted on our website. So if you are at all
4 following this subject, I strongly encourage you to sign-up
5 for our list server. And the information on doing that is
6 in the notice. We have a -- while it appears to be a short
7 agenda today, it is actually a pretty ambitious agenda. And
8 so, on the other hand, I do want to encourage everyone who
9 has questions and comments to take advantage of this
10 opportunity to do that. While I know the Commissioners may
11 not be available for the entire day, certainly I am going to
12 be available to stay here as long as anybody wants to talk
13 and exchange views or has questions.

14 Now, we have developed a slightly different format
15 for this workshop that I would like to point out to you.
16 The first session is designed to be a conventional type of a
17 format where we will have two presentations, first by me,
18 and then followed by Mike Wischhusen from the Rubber
19 Manufacturers Association. And Commissioner Douglas will be
20 present for those presentations. The second session was
21 intended to be more of a working session, where we would
22 have an opportunity, I would hope, to go over any detailed
23 questions that you will have relative to the rules and
24 regulations that we published and that have been out on the
25 street now for a couple weeks, so more like a roll up the

1 sleeve working session. That was the intention of the two
2 session approach here, and I hope that explanation answers
3 your questions as to what is going on with this crazy
4 agenda. So if there are no other questions at this point, I
5 think I have taken care of all the formalities. Also, I
6 hope you have patience as we go through and deal with the
7 fact that the electronic is sometimes working, and sometimes
8 it is not.

9 So my name is Ray Tuvell. I am the Manager of the
10 Fuel Efficient Tire Program here at the California Energy
11 Commission. This day has actually been a long time coming
12 for us. As many of you may know, we have had the authority
13 to deal with this subject for quite some time. It has been
14 a difficult journey getting here for a variety of reasons,
15 but we are looking forward to this. And I hope you will
16 also. There are good reasons why.

17 There are approximately 27 million passenger
18 vehicles in California, consumer vehicles, passenger
19 vehicles and light trucks. Every year, they replace
20 approximately 6.75 million tires. But how many of them are
21 aware that such a thing as fuel efficient tires even exist,
22 let alone try to seek them out and make that a part of their
23 choice in replacing tires? Well, the answer is probably
24 very few, and there are good reasons why. A study that the
25 Commission conducted back in 2003 included that there is no

1 information available for consumers to rely on to choose
2 fuel efficient tires. The Transportation Research Board in
3 their study released in 2006 essentially reached the same
4 conclusion, that until consumers are provided with
5 information on fuel efficiency of tires; they will not be in
6 a position to make choices.

7 AB 844 directed the Energy Commission to take
8 steps to solve this problem by developing a consumer
9 information program to enable consumers to make decisions
10 about fuel efficient tires, and that is the subject and the
11 authority that we are operating under today on the proposed
12 regulations that we will be discussing. Let's talk a little
13 bit for a moment about tires. This whole subject of fuel
14 efficient tires is pretty basic. As a tire rolls, it
15 deforms. That deformation actually represents resistance to
16 rolling and therein lays the issue of fuel efficiency of
17 tires -- some have a higher rolling resistance than others,
18 some have a lower rolling resistance than others due to the
19 deformation. Now, it is actually not as simple as it may
20 sound. The tire industry has done significant detailed
21 studies to determine the different areas of tires that
22 contribute to rolling resistance. And, in fact, the tread
23 is generally believed to be 50 percent contributor, the
24 largest single contributor of all. But all portion of a
25 tire flesh under the normal use, and this then is a

1 fundamental breakdown based on studies done by the tire
2 industry.

3 Now fortunately, there is a laboratory method that
4 allows us to determine the rolling resistance of tires. And
5 it is essentially, as you see here, a tire is mounted on a
6 wheel and, as it is brought into contact with this circular
7 road wheel, it is essentially a totally computer driven
8 testing process once you put the proper inputs in, give the
9 condition of the tire. We are talking about the tire being
10 on the machine roughly 30 to 40 minutes time to get the data
11 necessary to determine its actual rolling resistance.

12 There are, or will soon be, five basic test
13 protocols that are used in the industry to assess the
14 rolling resistance of tires. The Coast-Down method, which
15 is used predominantly with people involved in the original
16 equipment manufactured tires for new vehicles, use the
17 Coast-Down method because it helps them closely approximate
18 the kind of numbers they would see for CAFE standards. The
19 multi-point test method is actually used principally, I
20 think, in research-related studies. It is a more intensive
21 study, gives you a lot of data points, allows you to do a
22 lot of different predictions, and is research-related. 1269
23 Singlepoint was developed principally to give a simplified
24 test methodology to identify rolling resistance of tires by
25 a single point-type method, and then in Europe, you have a

1 multipoint, 18164, which is essentially equivalent to the
2 1269 Multipoint, and then the newest protocol that has been
3 developed is 285A, which is a point similar to 1269, but
4 with a very special and important added feature, and that is
5 the ability to align test machines against test machines, so
6 you can calibrate the results and compare them accurately.

7 Now, NHTSA has probably done the most extensive
8 evaluations to look at the different test protocols.
9 Approximately a year ago, I think maybe late 2007, they
10 started. They tested all five -- they looked at all five of
11 the test protocols, they tested it on two different machines
12 at two different labs, and they tested 25 different models
13 of tires, but numerous samples of those, and in some cases
14 some samples more than once, so over 600 total tires were
15 tested. They concluded, first of all, all of the test
16 protocols are very accurate, low variations, and they end up
17 ranking tires in the same order, regardless of the test
18 protocol you would end up using. They also determined that
19 the results of any one test protocol could be correlated
20 against each other, which is important because, in some
21 cases out in the public domain, you have data from one test
22 protocol vs. another, you would like to compare it, and you
23 can compare it. The single point test methodology, though,
24 turns out to be the most efficient, both cost-wise, time-
25 wise, as we would expect. And also, they determined that

1 this matter of having the ability to align machine to
2 machine is critical to being able to use data from different
3 machines to compare against each other.

4 AB 844 directs us to adopt a test protocol and, as
5 a result of the studies that have been done by NHTSA and our
6 own independent studies, we are proposing ISO to 285A. We
7 believe it is highly accurate both individually on the test
8 machine itself, but it has the critically needed machine to
9 machine accuracy. Now, the current status in 285A is at the
10 very late stages of adoption. And my discussions with the
11 committee associated with heading that up last week, two or
12 three weeks ago, is that it should be adopted no later than
13 October, but maybe as early as August. And most of us in
14 the room who are familiar with this subject area probably
15 have seen the latest drafts. And there is not expected to
16 be any surprises associated with it. And, to my knowledge,
17 there is a consensus among all parties that 285A is the way
18 to go.

19 Now, 8844 talks about the scope of the program in
20 this way. Designed to deal with replacement tires for
21 passenger cars and light duty trucks. Now, that seems like
22 a simple enough statement, but it turns out that it could be
23 confused and, so, we decided let's take a look at this and
24 see if we could make an enlightened judgment about what that
25 means.

1 First of all, the industry uses this terminology
2 for on-road tires, essentially four different types of on-
3 road tires. And they are probably weight stepped, medium
4 duty truck tires are the heavier tires, they would fit on
5 something like a UPS-type truck. Heavy duty tires, then,
6 would be tires you would expect on like an 18-wheeler.
7 These tires are clearly not within the scope of this
8 program. Passenger tires, as you would expect, are in fact
9 passenger tires for automobiles, compact, and standard SUVs
10 and pick-up trucks. If there is an issue here, I have heard
11 it addressed, it has to do with this subject of light truck
12 tires, LT tires. LT tires are, in fact, a distinctly
13 different tire than a passenger tire. And these tires you
14 find on large pick-up trucks and large SUVs. These are the
15 actual vehicles that we are aware of, consumer vehicles that
16 we are aware of, that come with light truck tires on them.
17 Okay? And now, not all of these, and I want to qualify
18 that, so like a CK 1500 is a medium or standard duty pick-up
19 truck, that would commonly come with a passenger tire, but
20 what you will find is versions of this, such as the four-
21 wheel drive version designed to carry some heavier loads,
22 and will come with a light truck tire. But certainly
23 something like a 2500 or 3500 pick-up will definitely have
24 an LT tire on it, and that is quite common also with any
25 vehicles designed to handle heavier loads. So, in fact, LT

1 tires are very commonly used on consumer vehicles. RMA, in
2 their 2006 fact book, I think, also acknowledges that when
3 they say that, for their own purposes, they consider light
4 truck tires are those that are defined as having a LT in
5 their prefix or their suffix on the side designation.
6 Furthermore, in their fact book, when they talk about and
7 they have this chart regarding consumer light vehicles, they
8 distinguish that as passenger tires on automobiles, as I
9 explained, passenger tires on light trucks, as I also
10 explained, but also as light truck tires on consumer light
11 trucks.

12 There are approximately 23.5 million passenger
13 vehicles in California using passenger tires, and
14 approximately 3.5 million vehicles using light truck tires.
15 As I mentioned, AB 844 directs us to do the scope as
16 applying to tires sold for passenger cars and light trucks.
17 The staff is proposing that that, in fact, means both
18 passenger and LT tires, if they are available for sale in
19 California, are in the scope of this program.

20 AB 844 further directs us to develop a database of
21 energy efficiency and representative sample of replacement
22 tires sold in the state. As it turns out, in fact, when we
23 were starting this program, this was Problem 1. There was
24 very little data available in the public domain on the
25 rolling resistance of tires. In fact, the ECOS work was

1 done as a part of the 1172 work for the Commission when we
2 were originally investigating this subject area. The TRB,
3 then got access not only to the ECOS data, but some other
4 data they received to store from EPA and then data
5 predominantly supplied by the RMA, but still, as you can
6 see, not necessarily a lot of tires. The Energy Commission
7 then decided that we needed to undertake a very significant
8 study to get data on tires if we were ever going to
9 understand what is going on here, and that is what you see
10 in this very significant amount of testing that we did,
11 thankfully, at the assistance of the California Integrated
12 Waste Management Board, that helped fund a lot of this work.
13 And finally, NHTSA has done some studies over the last
14 couple of years which created another database, although it
15 is not yet totally publicly available, they have published
16 numerous results from it in papers that have been presented
17 in different sessions. And then, finally, on April 22nd, we
18 received from RMA a database of over a thousand tires which
19 include, in part, some of the CEC data, some of the TRB
20 data, some of the ECOS data, but then also some data from
21 the tire industry that we have never seen before. Okay? So
22 as a part of the work in developing these rules and
23 regulations, the staff had access to what we believe is all
24 the data that exists in the public domain and that is what
25 we considered in pulling together our proposed rules and

1 regulations. Now, when RMA submitted this last database to
2 us in April 22nd, it was a part of a report that included
3 this statement. It essentially said that RMA represents
4 this data to be essentially 90 percent the replacement tires
5 sold in the domestic tire marketplace. Now, I think that
6 means by size, it certainly does not necessarily mean my
7 size plus manufacturer, I mean, there are lots of different
8 variations. But the fact is, I think that there are
9 different ways to look at this data and recognize that this
10 is a very comprehensive and representative set of data.

11 I want to focus, in particular, on a couple
12 significant tests that we did because we decided what was
13 going to important was to take a more in-depth look at two
14 different sizes of tires to see what we could find. So we
15 looked at two tires at the time which were very very popular
16 in the economy, it was the P195-65R15, which is used on
17 vehicles, so as you see here, that are in high use in
18 California. We believe that the data looks like over 6
19 million of these are sold in 2006, presuming then it is in
20 the top five of all sizes sold in 2006. We selected and
21 tested over 76 different make model tires in that size. We
22 did it similarly in the 26570, another very popular vehicle,
23 popular size on popular vehicles, which we wanted to find
24 out what is going on in some of the most popular used tires
25 on the road today. In this case, roughly 3.5 million of

1 those were sold in 2006 -- "shipped", I believe is the
2 proper way to say this -- in 2006. We attained and tested
3 over 45 separate make and model in tires. Now, bear with me
4 here a second because I would like to show you what we ended
5 up with and where we went with it. So we developed a very
6 comprehensive database, and I am not going to spend a lot of
7 time going over this, but I just wanted you to know that,
8 yeah, we did not do testing for the sake of testing.

9 First of all, what we did was we obtained five
10 samples of each tire that is supposed to otherwise be
11 identical. We obtained both OE and replacement and, as I go
12 down the database, you will start seeing some of the
13 replacements show up. Numerous manufacturers, as you know,
14 numerous different varieties of speed ratings all over the
15 board, same with the construction, same with temperature,
16 traction, tread wear, the UTQG ratings. And we tested them
17 all, and then we started seeing different data. And, by the
18 way, we also went out and, as a separate step, determined
19 what the value of these tires -- the common selling price of
20 the tire. We did not put our purchase prices on here,
21 thinking that maybe we got some great deals out of this;
22 instead, we did independent research to find out what these
23 tires were selling for in the retail market, and these are
24 the numbers you have here.

1 Now, there are a couple things I want to focus on
2 and then I am going to come back to this in a condensed
3 version, but basically what I have got here is over 360 data
4 points, sample size of five, and I am going to focus on this
5 and I am going to come back on it. One thing that I guess
6 you would not expect, but then, if you think about it, you
7 would -- when we tested tires that are otherwise supposed to
8 be identical, we do not get identical rolling resistance.
9 And you would not necessarily expect to. These are
10 manufactured products, there is bound to be some variation
11 in the products. As it turns out, in some cases, as you
12 will see here, not a lot of variation; in some cases, a lot
13 more variation. And I want you to remember that point, I am
14 going to come back to it later.

15 So AB 844 asks us to develop -- and so those are
16 all the databases that we used, and you can see along the
17 data, and I do not want to go into the analysis of it yet, I
18 am going to go into the analysis of it, because this is what
19 AB 844 asks us to do, take these databases and then develop
20 a rating system that will be informative to consumers. And
21 so that is what we did. We first looked at existing rating
22 systems that applied to tires and those of you that are
23 closer to the tire industry know that there does, in fact,
24 exist what is called the Federal UTQG, the Uniform Tire
25 Quality Grading system. It is administered by NHTSA and

1 they grade and they put it on three different tire
2 qualities. I hesitate to ask this question because I have
3 got a lot of experts in the area here; if you were a general
4 consumer, I would say, how many of you general consumers are
5 aware of the UTQG rating systems for tires? In any depth?
6 Okay? How many of you have ever bought tires before? You
7 really have bought tires before, but you are not familiar
8 with this system? Guess what? You are in the majority
9 because what we have found is very few people know about it,
10 or understand it. And there are good reasons why. Well, it
11 turns out traction is either AA, A, B, or C. Does that mean
12 anything to you? Probably not. It does not mean a lot to
13 me either. But, as it turns out, what it is, is wet skid
14 resistance is a traction coefficient, it varies depending on
15 whether or not you test the tire on asphalt or concrete, but
16 if you ask me, a more fundamental question, well, right,
17 what number or letter do you recommend? I am not sure how I
18 would take this data and tell a consumer how to use it. And
19 I think that is, in part, one of the reasons why very few
20 people know it, and very few people use it. Similarly, it
21 happens with temperature. Again, A, B, C system. What in
22 the heck does that mean? Well, you have got to dig deep to
23 find out, and it turns out it is the ability to operate a
24 tire at a speed before it is going to fail. But notice that
25 all of these miles per hour are over normal speed limits, so

1 you would say, well, why wouldn't any of it then do? And I
2 think that is a good question. As it turns out, there are
3 very very few C tires on the marketplace today. The vast
4 majority are B's. Similarly over here, there are like 3
5 percent of tires on the road that are double A's, the vast
6 majority are A's and B's. But how are consumers using this
7 to make decisions? Well, what we are being told is very few
8 do.

9 Finally, there is the tread wear grade on UTQG and
10 it is a different scale -- 200 to 900. So what in the heck
11 does that mean? Somebody should know this because it is
12 designed for consumer use. And it is -- you read it and try
13 to make sense of that. Also, by the way, in case you were
14 not aware, there is a qualifier on this, so NHTSA does not
15 use this qualifier, and just about every website I go to
16 does: "These numbers are only valid for comparison with a
17 manufacturer's product line." And I am going, "Okay, sounds
18 like a limited use to me." And, in fact, that is what we
19 have found in talking to everybody in the marketplace, these
20 systems have major shortcomings, they are not easy to
21 understand. When you start indexing systems, when you add a
22 different layer of information and translation to these
23 systems, people do not get it because you need to have a
24 detailed knowledge to understand it. If we think that is a
25 large contributor to why they are not in popular use, or

1 relied on, and there are other reasons, they are afraid if
2 you did go on this, you would find out that in many cases
3 the grades as reported are not reliable. There is actually
4 no test required to back them up. They are based on
5 manufacturer's self-certification claims. And the
6 manufacturer is allowed to claim them a lower grade if they
7 want. Now, we built on that knowledge and we went to some
8 tire stores and talked to tire retailers over the Internet
9 to ask them to tell us what their perception is of what
10 occurs in a normal tire purchase sales transaction. First
11 off, the vast majority of customers that they see are in
12 what they term as a "distressed purchase situation," "I need
13 tires and I need them now." And, as a result, not well
14 equipped to make decisions ahead of time and largely what
15 happens right there in that transaction, that purchase sales
16 transaction, is likely to be the decision factor on how they
17 think of time -- important consideration. We heard that
18 very few consumers actually do any research or planning
19 ahead of time when they come in to purchase tires. We also
20 asked the dealers' perspective on how they view consumers.
21 And they said they do not know, but that 90 percent of them
22 know nothing about tires when they come in, and so it is up
23 now to -- the retailer has a lot of control over directing
24 how this transaction goes. On the other hand, they said
25 about 10 percent do research. We think, and we are pretty

1 comfortable in saying this, 90 percent know nothing, or
2 probably just say, "I need tires now," and the 10 percent
3 that do are the ones that are doing planning. It is hard to
4 believe very many people show up at the tire store and say,
5 "You know something? I am thinking about buying some tires
6 in a few months. I am just kind of doing research. Do you
7 have time to spend with me so we could talk about tires?"
8 We do not think it happens and the retailers are telling us
9 it does not happen. But, in fact, that is where the vast
10 majority of tire sales and purchases occur, in the retail
11 stores.

12 In November of last year, we held a roundtable
13 meeting where we invited tire dealers and consumer
14 representatives to come and give us their perspective on
15 this whole tire purchase sales transaction, and help give us
16 guidance on where we should go relative to developing a
17 consumer information program because, at this point, we are
18 feeling pretty comfortable with our knowledge on the
19 technical side of this subject area, and it is becoming very
20 apparent to us that the key to the success of this program
21 is going to be how it works in the marketplace. Can we come
22 up with a program that works conveniently in the
23 marketplace, that is both comfortable with retailers, tire
24 dealers, and consumers? So we asked our dealers, "What is
25 your advice?" And obviously we have not -- it was an all-

1 day workshop, but the message that I heard over and over
2 again, and we walked away with was, "Keep it simple." A
3 normal tire sales purchase transaction is not the
4 environment in which consumers want to be educated in any
5 depth whatsoever. A retailer does not get to spend a lot of
6 time talking to them and saying, "Well, let me tell you
7 about UTQG," or, "Let me tell you about this." It is not a
8 forum for any education of any sort. Dealers were telling
9 us, "Whatever system you come up with, it better be simple,
10 or it will not work at the transaction stage." Consumer
11 representatives were telling us, "It better be intuitive."
12 If this is not easy for a consumer to pick up, forget it.
13 They are not -- this is the vast majority, now, I want to be
14 careful about this -- yes, we realize as in any product
15 purchased, there are people that will do in-depth research,
16 without a doubt, and so what I am trying to represent here
17 is what we think is the 90 percent of consumers. And what
18 we heard over and over again talking to retailers. Okay?
19 So bear with me here.

20 So let's do this, then. Let's make a tire
21 purchase. So let's assume, then, that you, me, somebody is
22 walking into the tire store and we want to purchase tires
23 for our vehicle. What is commonly going to happen? Well,
24 they are going to say, "What kind of vehicle do you have?"
25 "Well, like a Honda." "And what year do you have?" "Well,

1 2005." "And what -- let's pick a Civic LX Coupe, if I am
2 lucky, this will turn out right. And I am in the market for
3 tires." Okay, and so what happens? Exactly the same thing
4 that we believe happens at the retail store. The retailer
5 will get this list that pops up in front of him of every
6 tire he has essentially in stock, and some identifying
7 information associated with it. Now, for some reason,
8 perhaps, I am not getting the more details. Hold on here.
9 I may have to go back and start again, so it did not take it
10 the way it is supposed to. So 2005, and maybe a Civic LX
11 Coupe, this should work, oh, okay. So here we have it, the
12 complete list of tires that this retailer has in stock and,
13 see, as it turns out, I know this is a very popular science,
14 and this is the information he is going to be looking at and
15 essentially using it in his sales process. Now, he is going
16 to have other information here, too, like depending on who
17 he is working for, they may say, "Hey, we have got a ton of
18 these in stock, find a way to sell them, you know, we have
19 got more than we need." You know? Or, "This one is on
20 sale, and so push this as much as you can." But let's take
21 a look here at, well, what do you do if they give you stuff
22 and they say, just what we thought, do you really want to
23 know what is going on? Do you have time to read this whole
24 thing? No. I do not. They do not. They do not use it.
25 And so we believe that we need to come up with a system to

1 translate the fuel efficiency of tires in such a simple way
2 that it would be compatible with this type of a sales
3 process. You come in, you say this is my year, make, model
4 vehicle, I do not know anything more, the retailer plugs
5 that into his computer, comes up with his list of
6 information, and somewhere on here, we would have something
7 very easy for them to refer to on the fuel efficiency of
8 these tires. And if we did that, then we believe both the
9 retailer would feel comfortable using it, and we believe
10 also that the consumer might be comfortable accepting it.

11 So we came up with the concept of defining
12 essentially a fuel efficient tire. And herein lies the
13 thrust of the rating system that we have proposed.
14 Something so simple that is intuitive and easy to use and
15 understand so you know the fuel efficient tire. Cannot get
16 much simpler than that, or for the retailer. "Would you be
17 interested in considering a fuel efficient tire?" We think
18 it fits the vast majority of purchase sales transactions
19 that exist in this marketplace and it has an added benefit
20 of being consistent with other programs out there that we
21 think have some great potential to consider aligning with it
22 -- Energy Star and Smartway, to name two.
23 The concept is built on taking all tires of the same load
24 and size, and testing them and then simply ranking them from
25 the lowest rolling resistance to the highest. Once we have

1 those numbers, we could then determine every tire that is
2 within 15 percent of the lowest tire reported. Those tires
3 would be defined as fuel efficient tires, the tires that are
4 below that would not. Those would be tires that are not
5 fuel efficient. We think this concept has a lot of merit
6 and a lot of interesting spins. First of all, it is based
7 on best in class. I mentioned that we would structure this
8 where we would identify all tires within 15 percent of the
9 lowest tire reported; that means that the lowest tire
10 reported is the best in class and it drives the list. We
11 think that we should reward the best in class and we think
12 it also would provide for competition. If all tire
13 manufacturers are aware that they could actually become --
14 they could produce a tire that becomes the best in class,
15 sets the class standard, and then their competition either
16 is within 15 percent or it is not. We think that -- so it
17 is a very interesting and productive competition that would
18 be beneficial to consumers and to this marketplace.

19 Now the basis for the 15 percent cutoff, there is
20 not a lot of rocket science here. We want to recognize only
21 the highest performers, so if you say, "Well, why isn't the
22 cut-off at the top nine percent?" Well, no, we are
23 interested in finding where -- how can we find the cream of
24 the crop and give them credit for the products they are
25 bringing to this marketplace. We want to make sure that

1 more than one manufacturer falls within that 15 percent, so
2 if we ended up coming up with a cutoff level where there is
3 only one or two tires that fit in that, we would need to
4 reconsider. So we took a close look at our data and felt
5 that, yeah, based on the data we have so far, now, there
6 could be some surprises out there in the future, but
7 certainly not on the most popular tires. We think there is
8 multiple manufacturers that qualify. And, again, as I
9 mentioned earlier, this is pretty much analogous to the way
10 the Energy Star program works, they find the top some
11 percent, and it varies from product to product, that they
12 single out as being the highest performers in whatever
13 product they give the Energy Star classification to. Okay?

14 So let's take a minute, then, and let's apply
15 this. So this is the database I showed you before, and so
16 now I am going to condense this. So I took all five of the
17 tires that you saw before, and I just simply took an average
18 of each one of those, so you have now a single road listing
19 for each of those tires. It happens to be in rank order,
20 and I am only using the mean, or the average of the five
21 tires at this point, and let you take a look at what we see
22 here. First of all -- and I also put in for the sake of
23 discussion the within 15 percent level of the lowest tire
24 reported of this data. And what you see is variety of OE
25 and replacement tires, variety of manufacturers, variety of

1 speed ratings, and temperature rates, and traction ratings,
2 and tread wear ratings. And, coincidentally, price. Would
3 anybody be surprised if for instance, one of the lowest
4 priced tires we found, turned out to be the lowest rolling
5 resistance? As it turned out, we found no relationship at
6 that time between the retail price of tires and the rolling
7 resistance. But this is an example of applying this, if we
8 had applied it to the mean. But the problem that you have
9 when you apply this only to the mean is you did not consider
10 the fact that there are these variations that occur among
11 tires. So what we did is then we recognized that and said,
12 "Well, wait a second here. Mean is interesting, but in
13 fact, if there is a wide range of variations in the tires,
14 then that should be held out as a penalty against any
15 manufacturers. So then we took one additional mathematical
16 step, and that is we took the standard deviations, and I am
17 going to talk about that in a minute here if you are not
18 familiar or comfortable with that, and then we took two
19 standard deviations -- standard deviation times two, added
20 it to the mean, and guess what? You get a different rank
21 order and you get fewer tires that fall within the 15
22 percent, not unexpected. So if it turns out that you have a
23 wide variation in the quality of your product, you are going
24 to get penalized for it under this system. So you may have
25 some tires with a mean, with a great rolling resistance --

1 recent examples here, here is one, it is a 8.45, and you
2 say, "Gee, it should be way up here." No, guess what? We
3 have got a big standard deviation because the variation of
4 their product, if you analyze for it, and so under this
5 system it would show up as, "Wait a second, no, your tires
6 really should be represented as a higher rolling
7 resistance." Now, this is important from another
8 perspective. We intend to use these numbers to represent to
9 consumers in a consumer-oriented program what their
10 expectation should be on the rolling resistance of these
11 tires. Now, that being the case, if we recognize that there
12 are differences in what should otherwise be 5 X 10 big old
13 (indiscernible), we believe that consumers would be served
14 well by knowing what is the highest number you should expect
15 if you were to purchase one of these tires, not the average
16 number, not the lowest number, but that a mean plus two
17 standard deviations would be more representative in the
18 consumer world to understand this.

19 Now, let me then take a minute here and I am going
20 to do something real real -- I will give it a try -- what in
21 the heck is the standard deviation? Imagine this to be the
22 value of my five tires across here, and so this is the
23 average, this is the mean, okay? What probability tells us
24 is basically, if you have a group of numbers that are not
25 inter-related in any particular way, you would expect to see

1 a normal distribution to occur; in other words, many more
2 of them would be around the mean and then they would tailor
3 off, and so this is what you have, is a normal distribution.
4 The standard deviation, I know, and a lot of people have
5 heard this, it is a mathematical calculation, so here is the
6 mean, and this is one standard deviation. We run a
7 mathematical calculation to determine those tires within 34
8 percent of the mean. Then we do another standard deviation
9 and we get out here, and then you have this together, and
10 your plotting dip receding a little bit further from the
11 mean. Now, what our system is intended to do is this right
12 here, we want a mean plus two standard deviation. What do
13 we think that is going to do for us? It is going to catch
14 all of these other tires, 97.5 percent of them should fall
15 under this number. And so we would think that would be
16 representative, a fair representation of the number to use
17 for the tire. See what I have left here? It is 2.5 percent
18 that is going to fall outside of the top 2.5 percent. Now,
19 yes, it is fair to say that, okay, I over-simplified this
20 because it depends on the sample size and a few other
21 things, and that is all true, and I will talk about how we
22 balance that. So let me just give you another illustration
23 about what happens here, and I have talked about this
24 before. So if you have tires that have a large deviation,
25 in other words, the numbers are all over the board, you are

1 going to have this big spread and so you are going to get
2 penalized by this system when we look at standard by mean
3 plus two standard deviations. On the other hand, if you
4 have a very high quality control, you are going to get a
5 much tighter grouping, and so the mean plus two standard
6 deviations for you is going to be closer to the mean and
7 that is exactly what we would like to see happen, as a
8 positive direction in the marketplace for this program to
9 replace the tires. I hope I did not lose too many people on
10 that one.

11 So therefore we are recommending that we come up
12 with this declared fuel efficiency rating value to identify
13 individual tires, which is the mean plus two standard
14 deviations, from tests on a sample size of three tires.
15 Now, the three tires was a political compromise because we
16 would love to have about 10 tires, even 15 tires, I can get
17 more certain about it, but now you are talking about the
18 practicalities of testing and the costs associated with it.
19 We in our research effort typically do five tires because we
20 have a level of comfort with doing five tires, but we know
21 in the industry for OEs, in particular, new vehicle
22 manufacturers, it is common practice to do three tires. And
23 so we looked at that and we said, well, that seems to be a
24 common practice on the OE side of the tire business, it
25 seems to be well accepted, okay, we will accept that three

1 tire sample, give us the mean plus two standard deviations,
2 and we will use that as the single number to represent each
3 individual tire. So it does handle the product variations
4 that we have seen in our own individual testing and we
5 believe that, once -- well, it will be obvious to any tire
6 manufacturer who sees the system, they are going, "Oh, my
7 gosh, I get penalized if I have high variation; I need to do
8 something about maintaining better quality control so that
9 my standard deviations are closer to my mean." Okay? And I
10 went through that already on the data basis, so I will not
11 go back to that.

12 So our system, then, that we are recommending, is
13 based on actual tests and comprehensive data that you saw
14 basically in the more extensive databases than we produced
15 throughout our work. We did that as the foundation of any
16 rating system, a reliable and comprehensive database that
17 anybody who wants could go back and look at and say, "This
18 is the origins of this program, and it is credible."
19 Without credible basis for the program, we do not believe it
20 will ever be accepted in the marketplace. It provides
21 accurate, consistent, reliable and complete information
22 which is going to be available to everyone. When we get
23 this data, we are going to make it available to everyone.
24 Our intention would be to set up, whether at the Energy
25 Commission website, but also we would set up the means for

1 anybody who wanted to get access to it and download it, you
2 got it -- regardless of who they are. We would expect that
3 to be the common means to get this data in the hands of tire
4 retailers, but I would also expect and hope that the tire
5 manufacturers -- that all the tire manufacturers would want
6 it, too, because it is going to address the need of
7 researchers, both myself and others, but we hope it would
8 empower more creative analysis, more creative use, and
9 enable more competition in the industry. If one tire
10 manufacturer has easy access to the rolling resistance
11 information of his competitors, we think that would be
12 nothing but a good thing. They know what the competition
13 looks like, they know what they are up against, focus on the
14 competition, focus on improving their product.

15 So in our proposed recommendation, we have a
16 rather extensive list of reporting requirements. But let me
17 try to simplify this. Much of this data is existing data.
18 In other words, on all tire manufacturers, on their
19 websites, or on retailers, they have this data in some form.
20 So we think our request to get this data is far from
21 onerous. It should be as simple as pushing the button and
22 "send," send this to the Energy Commission. Okay? We just
23 want all of this in one place, in one form. We do not want
24 to have a program where consumers go, "Well, I can get the
25 brand name here, and I will go over there, and I will go

1 over here to get the SKU, and I have got to go this web --
2 if it said it all over the place, it is not going to happen;
3 this is going to make the marketplace more efficient. This
4 is the information we expect to get from the tire chest.
5 And while it looks extensive, it is really not. I mean,
6 anybody who does testing right now is essentially going to
7 record this information anyway, the date, the method that is
8 used, the load that was used, the inflation pressure, the
9 speed. The outcome of the tests gives you the numbers you
10 need to calculate RRF. RRC is a metric that is of interest
11 to lots of people, simple calculation, might as well do
12 that, too. And then we told them, this is how we want you
13 to develop the declared rating value, a mean plus two
14 standard deviations on a sample size of three.

15 The test machine identifier, let me just take a
16 minute to explain this. I talked earlier on about the ISO
17 285A test protocol, and that they are going to come up with
18 a mechanism whereby all machines can be aligned against each
19 other, calibrated against each other. 285A identifies the
20 process it is supposed to get that to happen, so we fully
21 envision that, as a part of that process, all machines that
22 are in fact calibrated that way will get some administrative
23 identifier to prove that they are. And that is really what
24 we want, I mean, and that is what is going to be wanted
25 globally. We all want data that has been produced from

1 machines that have been calibrated against each other on
2 285A, and so that is what this machine identifier is
3 intended. We envision that to be an obvious outcome of 285A
4 once it gets implemented. But it does not exist now, but it
5 will happen and so I do not want there to be any surprise
6 now of what that is all about.

7 So let's talk about this old Tire Chesting side
8 and what kind of tires we are talking about. Believe it or
9 not, our studies indicate that they are on the order of
10 24,000 distinctly different passenger and light truck tires
11 in the North American marketplace right now. And when I say
12 distinctly different, I mean make, size, manufacturer, speed
13 rating, there is a variety of reasons why these differences
14 exist. But we want to get a grasp of it globally because
15 our program is intended to mandate the testing of a sample
16 size of each SKU tires that exist. We had this study
17 conducted by consultants, this expert in the tire area, and
18 the RMA has told us that they would need to be an accurate
19 reflection. This is basically how it breaks down by
20 manufacturer, again, we broke it down by passenger and light
21 truck. These are almost all the RMA, and high quality RMA
22 members are here, plus some that are not. In Tier 3 -- what
23 in the world is Tier 3? Well, this probably is not a good
24 definition -- not a good detailed definition, they are
25 smaller than everybody else -- when I asked how many

1 individual companies do we think exist globally that would
2 fall into Tier 3, 5,200. And who knows where they are --
3 China, Indonesia, South America. There are numerous other
4 companies that sell into the United States marketplace, and
5 so we have tried to represent a feel for who they are here.
6 But we do not have a lot more data we can break down besides
7 these gross things.

8 So let's now talk a minute for these logistics of
9 testing. We mandate a sample size of three tires tested by
10 all the manufacturers. How in the world can this happen?
11 Well, in order to get a sense of this, we first have to
12 identify, well, how many test machines are out there in the
13 world, because this is a global industry and it is
14 appropriate to look at test capacity on a global basis.
15 What is the availability of the machines? In other words,
16 so you have got a machine, is it in full-time use? Is it
17 just sitting there idle and anybody can get on at any time
18 they want to do some tests? And when we talk about
19 availability, are we talking about just in the normal eight-
20 hour work day? Or what if we said, "Hey, let's crank up and
21 work 24 hours a day and it is available for 24 hours a day."
22 And then how many days here are we talking about this
23 availability-wise? Because we are trying to do this global
24 calculation and so here is the part I want to get to on
25 this. There are numerous variables here. We did the story

1 to try to determine the outcome, depending on what you
2 would assume the allotted number of these variables, and I
3 will acknowledge right at the top, do we know in any detail,
4 or aggregate way, what is going on with any individual
5 company in regarding test machines, the availability, the
6 length of the work day, do we know that? No, we do not. We
7 have requested it and we have been told that that
8 information is considered proprietary. And in fact, every
9 piece of information that is specified here, we have been
10 told is proprietary, the number of machines is proprietary.
11 And, in fact, every piece of information that is specified
12 here, we have been told is proprietary. The number of
13 machines is proprietary. I do not want to argue that point,
14 I just want you to be aware that this would probably be
15 another, "Who is right? Who is wrong? How do you determine
16 if it is considered proprietary?" Gee, I do not know, but
17 we did scenario analysis in any case. So here is what we
18 came up with. This is our belief of the number of machines
19 and the major companies, and if you assume that the machine
20 has 50 percent availability, that it gets worked 24 hours a
21 day and 350 days a year, this is how long it would take to
22 complete the tests of every passenger that they sample sized
23 the three tires of every passenger in the light truck SKU
24 that each manufacturer makes. But, again, I am qualifying
25 this and saying it is built on these assumptions. You know,

1 do I know that the actual machine is up? Do I know? No, I
2 do not. That is a scenario -- and, in this scenario, these
3 are actually a group, these numbers, if you consider other
4 things such as [inaudible], how about if we got access to
5 independent labs with eight machines at independent labs --
6 in the world? And you can always add more machines if you
7 want increased capacity to knock these things out. Now,
8 acknowledge that you just do not do this overnight. We are
9 probably -- we think we are talking about a 15-month to 18-
10 month period from the date of putting in the order to
11 getting the thing, to get it installed, and there could be
12 different topics -- I mean, all kinds of variables
13 involved. But nevertheless, we want to get a grasp of this.
14 Okay?

15 Given all that, we are recommending that the
16 manufacturers be required to report the results of a testing
17 of sample size of three tires for every scheme by July 1 of
18 2001, roughly a little over two years from now. But, again,
19 I hope that I qualify for you appropriately that we identify
20 what we believe to be the fact is the variables that
21 influence how you could determine this accurately and we
22 gave our best shot looking at different scenarios to do that
23 and we gave you the results of it. But what is going on in
24 the real world regarding those factors, I do not know. And

1 as long as it is considered proprietary, I do not know how
2 you find out. I do not know how you find out.

3 By the way, so what does this stuff cost? And so
4 what we tried to do is break this down fairly basic, so we
5 took -- and these are my high number estimates, by the way.
6 I think it actually could be done for less than this, but
7 since I wanted to try to give a fair representation, we got
8 the highest cost test we defined, in other words, if I went
9 to an independent tester, which I do all the time, and said,
10 "What would you charge me to test tires?" And we found
11 those numbers and we added on to them. Okay? And these
12 numbers do include the costs of the tires required to do the
13 testing. In other words, we say a sample size of three
14 tires. We used, again, pretty gross numbers. I think the
15 past few times we used \$100 a tire and on the light truck
16 tires, we used \$140 a tire. So, I mean, we are trying to
17 make it as accurate as we can a representation. So these
18 are the costs. And this is how it relates to 2008 North
19 America sales and, to make it easier, this is the cost of
20 tests as a percentage of sales for these individual
21 companies. Now, as I mentioned earlier, we can estimate
22 what we think it would cost the Tier 3 in the sense, if we
23 do not know about how many different -- if we do not know
24 data on percent of sales, I was not able to fill in these
25 columns on those areas. And, let's break this down, then,

1 on what would this mean if -- and bear with me here on
2 these assumptions -- let's say that they tested all these
3 tires in one year, that these were the costs of testing it,
4 and they decided they are going to recoup all of these costs
5 of testing within one year's sale of the tires. In other
6 words, that every tire you sold that year, and recouped
7 every cost of the testing, what would this add to individual
8 tires? And here are the numbers we came up with. And it
9 varies from company to company, as you would well expect --
10 testing capability, number of tires, all kinds of things.
11 But we are seeing numbers as low as \$.4 a tire, and a number
12 as high as \$.65 a tire. So they turned around, increased
13 the price of their tires to recoup all this cost, within one
14 year, this is what we are talking about. We think the
15 reality is, and we are talking about testing over probably
16 at least two years, you know, and in worst case, these
17 numbers, you can all take them and divide by two. They get
18 smaller. We do not expect them to get bigger.

19 So the fundamental rule of thumb on tires in
20 converting this rolling resistance thing that we have talked
21 about for some time here now is a 10 percent change in
22 rolling resistance will get you up to a 2 percent change in
23 fuel economy. We broke that down for California cars, so
24 this is data and breakdown we did from our Department of
25 Motor Vehicles, which allows us to determine basically the

1 average miles driven by these different sized vehicles, the
2 base mileage they get current, then we simply put a lower
3 rolling resistance tire that was only a 2 percent benefit
4 for them on each of these vehicles, calculated again the
5 baseline fuel cost, assuming \$3.00 a gallon, and the savings
6 that would occur if they were all on low rolling resistance
7 tires. And as you can see, it does vary depending
8 essentially on miles per gallon with -- I will point out
9 here -- and there is another variable. Let's look at this.
10 So here is a vehicle, a van, that gets terrible fuel
11 mileage. Now, these calculations, then, are based on miles
12 per gallon in a number of vehicles. So let's compare that
13 van, it gets a fuel efficient tire, it gets \$71.00 a year.
14 Now, let's compare that against a vehicle that is basically
15 getting the same mileage, gets better fuel mileage, and you
16 will notice that it does not save as much. What is the
17 take-home message? The vehicles that get the worst fuel
18 mileage are the vehicles that are going to benefit the most
19 from low rolling resistance tires. If there was every a
20 debate about do you want to include LT tires in this
21 program, the tires that go on the vehicles that get the
22 worst fuel mileage, this should -- yes, you do. I mean, you
23 prefer to give them priority, probably, over passenger tires
24 if you had the choice. So what does a two percent
25 improvement in fuel economy look like on California as a

1 whole? 300 million gallons a year. Now, I agree, this is
2 a hypothetical calculation, but is it real potentially?
3 Yeah, it probably is. And you can assume that there is a
4 certain amount of low rolling resistance cars on the road
5 today. Certainly, that would be the case on some of the
6 debtor* vehicles, the newer vehicles right now, so if we
7 excluded them, okay? And then we looked at all these other
8 vehicles in the marketplace that would purchase tires. Keep
9 in mind, in our data where we looked at the two tires, in
10 particular in some depth, we saw ranges in differences of
11 rolling resistance over 60 percent. I mean, if you made the
12 misfortune of purchasing the worst rolling resistance tire
13 in that size range, you are going to pay a probably 10-12
14 percent fuel economy penalty. So when I use a number to do
15 a calculation such as this two percent, I am just saying,
16 "Well, let's see, yeah, there are some people like that and
17 there are some that have got great tires right now," and so
18 it is fair to say, I mean, could we consider something like
19 this on the average for the sake of discussion? I think you
20 can, frankly. And at \$3.00 a gallon, it is close to a
21 billion dollars a year.

22 Now, it should come as no surprise, by the way,
23 that low rolling resistance tires turn out to be one of the
24 most cost effective ways of extracting better fuel economy
25 out of vehicles. I hope this is coming across okay. I

1 pulled this out and scanned it from an article I found in
2 *Automotive News*. And here we have it. Low rolling
3 resistance tires for a \$3.00 investment, the lowest
4 investment necessary to get a one percent gain in fuel
5 economy of all these commonly discussed technologies for
6 improving the fuel efficiency of vehicles, with one other
7 adder, by the way. You can do this to an existing vehicle,
8 where many of these, unless it comes from the factory this
9 way, forget it, you are not going to make this change. That
10 is another thing to keep in mind is this is a technology
11 that is applicable today on every vehicle on the road. It
12 is a common purchase we all make.

13 So in summary, the staff is proposing that the
14 scope of the program include both passenger and light truck
15 tires, sold or available for sale in California. The test
16 protocol -- ISO 285A. The rating system, all tires that are
17 the same size in load index will be ranked lowest to highest
18 based on motor resistance force. We will define all tires
19 within 15 percent of the lowest number reported as a fuel
20 efficient tire. For the reporting requirements, we will
21 have the tire manufacturers test a sample size of three
22 tires, determine a declared value, that value as well as all
23 of the other tire information that we have requested would
24 be reported to us, and we would have the comprehensive
25 database that we would then use to, in turn, get that

1 information out into the marketplace to the retailers, to
2 consumers, to everybody who wants to use and apply this
3 system.

4 What are the features and the benefits that we
5 think will come from this? Well, I talked about it earlier,
6 we think that the most critical aspect of this -- probably
7 the foundation of this program -- is full disclosure and
8 transparency, and that is what we think the required testing
9 does for us. And with that information, people develop
10 confidence in the system. It is consumer and dealer
11 friendly, which we think is critical to this marketplace.
12 The way this marketplace operates, unless this is a simple
13 enough concept to understand and to translate, at that point
14 of sale for the vast majority, unless it works there, it is
15 not going to work. We are convinced of it. The retailers
16 assure us of the limited opportunity to get a point like
17 this across. And I am going to make my pitch now also to my
18 friends from EPA, and by the way, if I could also say, this
19 is an Energy Star tire. Ask for an Energy Star tire. We
20 think it could transform the market. And finally, we
21 believe that this program can foster competition among the
22 manufacturers, which would do nothing but provide additional
23 benefits, advance the technology, bring more fuel efficient
24 tires into the marketplace because everybody is going to see
25 what their competition looks like. And with the system

1 designs on fuel efficient tires being linked to the most
2 efficient tire in the class, we think that fosters the
3 competition that we are looking for as an additional benefit
4 for this program.

5 Finally, I would be remiss if I did not mention
6 that, without the high quality dedicated services that we
7 have received from Smithers Scientific Services, and
8 assistance from Alan Meier at LBL, my good friends at NHTSA,
9 who unfortunately could not be here today, Consumer Reports,
10 The Tire Rack, and actually many others that we had
11 coordinated with closely to help us learn and understand
12 this subject and figure out how it could operate in the
13 marketplace, without their cooperation and assistance and
14 confidence, we would not be here today. And so I wanted to
15 make sure to recognize them. And that concludes the staff
16 presentation.

17 COMMISSIONER DOUGLAS: Thank you very much, Ray.
18 That was a really interesting and well delivered
19 presentation. I have one question for you at this time.

20 MR. TUVELL: Sure.

21 COMMISSIONER DOUGLAS: I fully understand and
22 support aiming the rating system at the 90 percent of the
23 market that is not doing previous research, but I hope that
24 we would be able to structure the database, or provide
25 information to the 10 percent of public that does want to do

1 advanced research and actually wants to optimize their
2 efficiency on tires. So have you thought about that?

3 MR. TUVELL: Well, no, I guess I may not have been
4 clear. The database that we would develop as a part of this
5 program will be completely accessible to everybody in the
6 world who wants it at any time, period, without altercation.

7 COMMISSIONER DOUGLAS: Right and, though, I assume
8 as a way to make it also user friendly, so that somebody
9 could go to the database and search within the range and
10 size --

11 MR. TUVELL: Oh, yes. We will do two things. The
12 vision we have, and this is a vision at this point because
13 we are still ahead of the game on this, we would envision
14 that we would develop an interactive Energy Commission
15 website very similar to the Tire Rack's website that I went
16 to, where you could plug in specific information to your
17 car, search it any way, get the data in any form you want,
18 so we would make it user friendly, but for both the lay
19 person consumer, who is familiar with doing some of this
20 kind of stuff, but then also for the hard core researcher
21 who says, "Give me that entire Excel file of these 24,000
22 data points." You got it.

23 COMMISSIONER DOUGLAS: Great, thank you. Other
24 questions?

1 MS. BROWN: Ray, I have one question. How many
2 of the tires in the database that the Army submitted in
3 April would qualify as best in class under the staff's --

4 MR. TUVELL: Well, yeah. Without a doubt, we do
5 not have enough information on all tires, enough tires in
6 the marketplace right now, to answer that question because a
7 lot of tires that were provided in the database are only a
8 single tire chest in one size. And so, if you see our
9 program is based on the concept we need multiple tires of
10 one size tested, so now we can compare them against each
11 other and find out which are the lows and what is the
12 spread.

13 MS. BROWN: But didn't you say that the database
14 that was submitted represents 90 percent of the tires, so a
15 it would be a sample of the 90 percent?

16 MR. TUVELL: Well, yeah, and I attempted to
17 qualify that as being -- at least one tire that covers 90
18 percent of the sizes and speed ratings that are out there.
19 But, yes, without a doubt, even now in the public domain,
20 there is a very limited amount of data relative to the
21 24,000 SKUs that exist in the marketplace. So we will not
22 know until after data starts coming in with the program that
23 is implemented, in many cases, what is the lowest and what
24 is the top 15 in some of these categories. We simply would
25 not know.

1 MS. BROWN: Okay. And then regarding the change
2 in rolling resistance and how that translates to fuel
3 savings, you said it was up to two percent and that is,
4 again, a rough estimate at this point.

5 MR. TUVELL: Well, the commonly used translation
6 is one to two percent. And we have talked to the people
7 that were involved with the TRB Study and they decided three
8 or four actual studies that were done to try to narrow that
9 down, and the TRB agreed that this was the appropriate
10 translation, a 10 percent change in rolling resistance is a
11 one to two percent change in fuel economy. And I hope I
12 properly characterized that as up to two percent. And the
13 one to two percent varies fundamentally like this, in city
14 driving, you are probably talking one percent, highway
15 driving at normal speeds is not above -- you are probably
16 talking two percent. So that is why this varies, it is more
17 like that. When you are driving around, or if you are
18 sitting at a stoplight, your tire is not going to computing
19 fuel economy when you are sitting at a stoplight, and that
20 is why an inter-city cycle looks like -- when you are
21 cruising down the highway, yeah, now your tire is going to
22 have more of a contribution because it is in motion all the
23 time. So that is the variation.

24 MS. BROWN: Okay, I had one last question. And
25 that is the 300 million gallons that you estimate would be

1 saved in a given year, what does that translate into
2 greenhouse gas reductions?

3 MR. TUVELL: Eight pounds of CO₂ per gallon. So
4 you are talking about over 2.4 million metric tons --

5 MS. BROWN: Per year?

6 MR. TUVELL: Yes.

7 MS. BROWN: Thank you.

8 COMMISSIONER DOUGLAS: Thank you, Ray. I do not
9 think we have any more questions at this point.

10 MR. TUVELL: Okay. The next speaker on the agenda
11 is Mike Wischhusen from the RMA, a member of RMA from
12 Michelin North America. Mike, I would like to invite you
13 up. If you want to go ahead, can you take it from this --

14 MR. WISCHHUSEN: Thank you, Ray. Good morning,
15 Commissioners. Thank you for the opportunity to participate
16 in the workshop this morning. My name is Mike Wischhusen.
17 I work for Michelin North America, Inc. I am here today
18 representing the Rubber Manufacturers Association, eight
19 members of RMA, which include Bridgestone Americas,
20 Continental Tire North America, Cooper Tire and Rubber
21 Company, the Goodyear Tire and Rubber Company, Michelin
22 North America, Pirelli Tire North America, Toyo Tires, and
23 Yokohama Tire Corporation, and representatives of many of
24 those organizations are in the audience today.

1 Now, just for historical perspective, let's go
2 back through the history of this project. It started in
3 2001 with SB 1170. Some of the requirements in SB 1170 --
4 develop and adopt recommendations for a California State
5 Fuel Efficient Tire Program, a rating system for tires that
6 provides consumers with information on the fuel efficiency
7 of individual tire models, a consumer friendly system to
8 disseminate tire fuel efficiency information as broadly as
9 possible. And on to 2003, AB 844, a particular piece of
10 legislation. The requirements of AB 844 -- the Commission
11 shall develop and adopt all the following: a database of the
12 energy efficiency of a representative sample of replacement
13 tires, and then after that, based on the data collected,
14 pursuant to Subdivision A, a rating system for the energy
15 efficiency of replacement tires that will enable consumers
16 to make more informed decisions, and finally, C) based on
17 the test procedures adopted pursuant to Subdivision A, and
18 rating system established pursuant to Subdivision B,
19 requirements for tire manufacturers to report. Just a quick
20 summary of the relevant legislation, and then fast forward
21 to 2009, and we are discussing the staff draft regulations.
22 Now, Ray just went through that in a lot of detail.
23 Condensed into one slide, a lot of the same information. We
24 would like to use the ISO 285A test procedure, and in the
25 proposed regulation, recording rolling resistance scores,

1 three samples of every SKU sold in California. The Energy
2 Commission will determine the lowest rolling resistance
3 force values submitted for every combined tire size
4 designation and load index after all the data is submitted.
5 The Energy Commission will assign, after the data is
6 reported, tires to the fuel efficient tire category if they
7 are recorded rolling resistance force values that are within
8 15 percent of the lowest reported value for every combined
9 tire size designation and load impacts, however, critically
10 that does not differentiate between speed index, or speed
11 ratings, which we will show later can lead to some unsafe
12 and perhaps dangerous selection between tires. The Energy
13 Commission will award, again, after the date it is
14 submitted, the tires that are not fuel efficient category to
15 all tires with reported RRF values, Rolling Resistance
16 Force, not within 15 percent of the reported value, and all
17 data to be reported by July 2011. Again, just really
18 summarizing what Ray has already gone through.

19 Now, if we look at the list of reporting
20 requirements which Ray put up there very quickly, there is a
21 lot of extraneous data that is not related to and does not
22 support the objective of a rating system for the energy
23 efficiency of replacement market types such as, you know,
24 special features of the tire, whether it is the color of the
25 tread, tread and sidewall ply material identification,

1 sidewall lettering styles, flat wall, whitewall, raised out
2 line black lettering, is it going to, again, the selection
3 of fuel efficient tires -- diameter rate -- Ray had the
4 whole list of dozens of items up here that are required in
5 the proposed regulation. But for most regulations, really
6 does not satisfy the requirements of AB 844. A
7 representative database based on the selected test method
8 was not developed, and the rating system is not derived from
9 that representative database since the representative
10 database does not exist. And reporting of data is required
11 before the rating system is established. But the rating
12 system cannot be established as proposed until after all the
13 data is together, so we are getting out of order there. The
14 reporting and auditing requirements do not account properly,
15 nor completely, for technical measurement uncertainty. The
16 previous presentation was absolutely right, the reporting of
17 technical measurements, test measurements, is a very very
18 complex item, particularly so in the rolling resistance
19 performance of tires. And the lab to lab variations, which
20 is addressed by ISO 28580 still does not render perfectly
21 comparable numbers between different labs or between
22 different machines. In short, a tire measured in Lab A is
23 going to give you a different numeric number than the same
24 tire -- exact same tire -- measured in Lab B. And that is
25 simply a fact of scientific measurement. And it occurs to

1 everything, not only tires -- every scientific measure you
2 make has that uncertainty in there.

3 And then a question -- we are all talking about
4 manufacturers, and manufacturers are required to report all
5 this data, however, a significant number of tires in the
6 State of California are sold -- they are manufactured
7 offshore and sold. So the question is, should you include,
8 or should the scope include the distributors and importers
9 and give them the requirement to report for those tires that
10 they bring in offshore? The implementation schedule, the
11 July date, is not with the consultant study that the Energy
12 Commission contracted and paid for. In the February 5th,
13 2009 Workshop, where Smithers Scientific Services presented
14 their information, they did indicate a 15-18 month
15 implementation time frame for the purchased installation and
16 utilization of new testing equipment. And new testing
17 equipment is required to accomplish this, rest assured.
18 Smithers also, as was stated in the previous presentation,
19 made estimates of the time required once the equipment is in
20 place, in order to do this volume of testing. The previous
21 presentation shared one scenario, which is the most
22 optimistic scenario, of about a year. The range of
23 scenarios went from one to eight years, and as in any
24 scenario analysis, reality lies probably somewhere in the
25 middle between one and eight years. So if you take that

1 somewhere between one and eight years, and add it to the
2 15-18 months, by the time this regulation is approved and
3 implemented, the July 2011 date, it is within two years,
4 less than two years away, or will be less than two years
5 away. So that date is problematic. Also, the 2011 date is
6 the deadline for manufacturers to report data. In the
7 proposed regulation, there is no timeline, there is no
8 commitment, there is no requirement to the Energy Commission
9 to assign the tires to categories efficient or not
10 efficient, and there is no time line, there is no
11 requirement for making information available to consumers.
12 So having manufacturers report is one thing, but there is a
13 whole other set of timelines that we do not know because it
14 is not in the proposed...

15 The simplistic, fuel efficient, not fuel
16 efficient, categorization actually does not allow the
17 maximization of several very important things, 1) consumer
18 differentiation in the fuel efficiency of their selection.
19 I think this goes to the point that was made in the
20 questions, and I will explain that in a minute. It does not
21 allow the maximization of manufacturer differentiation of
22 their product offering, and if the manufacturers cannot
23 differentiate it and advertise on it, the consumer cannot
24 decide on it. And it does not maximize the opportunity for
25 competition among manufacturers that will, in the long term,

1 leave the necessary market transformation. Also, you need
2 to go over those points in a little more detail.

3 For the consumer differentiation, you can very
4 easily identify scenarios where, because of specific Bureau
5 requirements or other constraints, some consumers may only
6 be able to select between several tires that are in the not
7 fuel efficient category. The potential range of fuel
8 efficiency in that "not fuel efficient" category can be very
9 broad, and with this simple digital yes/no categorization,
10 you have denied those consumers the ability to make a
11 choice. And the same thing applies to multiple choices
12 within the fuel efficient type category. Some consumers may
13 want to say, "I want a more fuel efficient," but again,
14 simply the digital yes/no, the consumers cannot do that, and
15 the retailers cannot make a recommendation because the
16 information is not available.

17 The second point, manufacturer differentiation.
18 Tire lines are very complex. If you go to a tire store, you
19 pick up a catalogue, you go to the Tire Rack database, a
20 variety of tires are available, it is very complex and very
21 daunting for most consumers. That is not the fault of the
22 tire industry. We have to make tires that fit the vehicles
23 that are on the road. The range of sizes and load ratings,
24 and speed ratings that are required are selected by the
25 vehicle manufacturers, so we cannot simply say, "Oh, well,

1 we'll reduce the complexity of our product lines." We have
2 to make product lines that fit the vehicles that are on the
3 road. Full line tire manufacturers, the larger tire
4 manufacturers, will have multiple lines in each of these
5 categories. With Michelin and any other large manufacturer,
6 will have multiple lines with in the fuel efficient
7 category, and will have multiple lines within the not fuel
8 efficient category. If we do not have a rating system that
9 can distinguish between those lines, we cannot differentiate
10 those lines, and therefore we cannot advertise market and go
11 to consumers and communicate with consumers about one tire
12 being better than another. And in order to truly transform
13 the market, the manufacturers need to be able to
14 differentiate lines in the eyes of the consumer. Now
15 whether the consumer sees that for himself through his or
16 her own research, or whether they see that through or with
17 the assistance of a retailer, the differentiation and the
18 ability to differentiate still needs to be there. That is
19 key to market transformation.

20 The idea of competition among manufacturers --
21 competition among manufacturers is one of the strongest
22 drivers in market transformation, and I have some examples
23 of that later in the presentation. However, if all we have
24 is a simple yes/no differentiation or categorization, we
25 cannot differentiate our own products from those of other

1 manufacturers, and we do want to compete, so that is how we
2 push our businesses forward. We want a categorization
3 system that will allow us to differentiate us from our
4 competitors. And if we cannot differentiate ourselves on
5 any particular measure, we are not going to invest in
6 advertising it, or marketing it; if we do not advertise or
7 market it, it is not available for the consumers to use, the
8 consumers to take action on.

9 Now, assigning categories, dependent on date
10 submitted at an unknown frequency. Okay, now, we have
11 talked about the existing products, all the data has to be
12 submitted as per the regulations, by July of 2011; however,
13 as we develop new products and watch new products in the
14 market, which is a continuous process, we would need to
15 submit that data. If we do not know in advance when we will
16 get a response, or when that rating will be assigned, again,
17 we cannot advertise it. We cannot prepare the marketing
18 material for it, and therefore the consumers will not know
19 it as early as they could know it. And true market
20 transformation will only come if consumers change their
21 buying behavior, and this requires available information,
22 timely available information, not information after the
23 facts.

24 Also, as the regulation is proposed, tires can
25 periodically be removed from the fuel efficient list. That

1 can cause a problem for manufacturers if -- we may have a
2 tire removed from the list, we are not going to invest a lot
3 in advertising and marketing material, and that is a big
4 difference between the proposal and things such as the
5 Energy Star program. Once a product is awarded the Energy
6 Star label, it keeps the Energy Star label, there is no risk
7 of it being pulled off the list because another tire has
8 been introduced which has a better rolling resistance. So
9 that is a potential issue for many manufacturers, that there
10 is a risk of having that label removed. It makes it very
11 difficult to justify the investment in marketing and
12 advertising.

13 The tire size based groupings could lead to
14 incorrect and even unsafe tire selections. If multiple tire
15 sizes are legitimate for a vehicle, which is very very
16 common in the case of light trucks, the consumers will not
17 be able to compare two tires of different sizes because the
18 two different sizes are rated out of the standard. So you
19 cannot say a fuel efficient tire in Size A is either as fuel
20 efficient, more fuel efficient, more less fuel efficient,
21 than a tire in Size B. If you are in a scenario where tire
22 size A is labeled not fuel efficient, but tire size B is
23 labeled fuel efficient, you want to make sure tire size B is
24 safe and correct, adequate to carry the load on that
25 vehicle. Also, we went through this in the Vehicle Ratings

1 Workshop, using RRF, Rolling Resistance Force, as the
2 metric, can lead consumers to select tires that are too
3 small for their vehicles, so we prefer the usage of the
4 Rolling Resistance Coefficient as opposed to Rolling
5 Resistance Force. Again, issues like this will deteriorate,
6 or potentially deteriorate the consumer confidence and trust
7 in the programs, we agree, is incredibly important for the
8 success of the program and the effectiveness of the program.

9 Now, we have mentioned that the proposed
10 regulation does not appear to adhere to the order of items
11 in AB 844 primarily because it requires the reporting of
12 test data and Commission action before tires are assigned a
13 category. Now, that inherently delays the availability of
14 actionable information to consumers. They have got to wait
15 those two years, three years, whatever it takes to report
16 the data, then the Commission has to act and there is no
17 established timeline or deadline for that Commission action.
18 And then there is no established timeline or deadline for
19 making this information to consumers. So it is -- we seem
20 to have gone upside down from the requirements of AB 844.
21 And I think this is the case -- and, again, we will talk
22 about this more in a moment -- some information earlier is
23 better than more information later, because more information
24 is not necessarily better information, or more accurate
25 information. You know, it is our conclusion after reading

1 the staff proposal that the exemptions apply strictly to
2 the types and quantities of tires sold solely in the state
3 of California, as we read the proposed regulations. Also,
4 data reporting requirements on exempt tires, and there are
5 very burdensome data reporting requirements on tires that
6 are exempt, just ask the court actionable consumer
7 information. So I think tires based on their fuel
8 efficiencies, it is simply a burden, a burdensome reporting
9 requirement.

10 The data reporting requirements will result in
11 additional staff being hired by each of the manufacturers.
12 We have to add people, more staff, because of the magnitude
13 and complexity of these reporting requirements. Also, it
14 appears that large data management requirements on the part
15 of the Commission could result in significant additional
16 staffing needs on the part of the Commission. This data
17 does not manage itself. It does not store itself and it
18 does not analyze itself. Going on with our observations,
19 there is no indication that the Energy Commission data
20 collection, or the industry input, has been incorporated in
21 the development of the proposed regulations. Over the last
22 six years, significant expenditures of time and money have
23 been made in support of developing a database for the
24 requirements of the AB 844. The Energy Commission's
25 industry rolling resistance testing has a significant amount

1 of time, and effort, and research provided by the industry,
2 also, however, it does not appear that this information is
3 requested in the proposed staff regulation. Those are our
4 observations on the staff proposal. Now, on April 8th of
5 2009 in the Rolling Resistance Workshop, the industry made a
6 proposal, and I would like to recap that on the computer.
7 The industry proposal very simply is a categorization
8 scheme, a bucket scheme, okay? A tire would be rated A, B,
9 C, D, E, one star, two star, three star, whatever is
10 amenable, based upon the location of its rolling resistance
11 performance on a continuous scale. Again, these numbers are
12 representative, I mean, we are not proposing these are the
13 numbers to use. The exact numbers to use need to be
14 developed from an analysis of the representative data of
15 tires in the market. Rapidly, if you look at it, the
16 population will distribute itself and this information was
17 provided by the industry. In a bell-shaped curve,
18 approximately a bell-shaped curve, very conceptually, the
19 blue bars represent the boundaries of the buckets or the
20 categories. You can set those bars based upon the market
21 distribution. You can set those bars more aggressively so
22 that fewer tires appear in the higher categories, you could
23 set them less aggressively so that more tires appear in the
24 desired categories. But this is the basis of the industry's
25 proposal. Now, in more detail, again, we proposed the use

1 of Rolling Resistance Coefficient. There was very detailed
2 testimony provided in the April 8th workshop that showed that
3 Rolling Resistance Coefficient is a more reliable indicator
4 for the whole consumer population than rolling resistance
5 force. This will provide more robust, more reliable
6 information and more actionable information to consumers.
7 It also includes efficiency and cost benefit gains both for
8 the Commission and for the industry. And this type of
9 categorization system has proven effective at market
10 transformation and consumer purchase modification, which is
11 the core of any fuel savings CO₂ reduction numbers that you
12 talk about. If the market does not move, you do not get
13 those gains. Let's play each of those points -- more
14 robust, more reliable information. The continuous five
15 category scale would allow consumers to prioritize between
16 many tires, regardless of where they fall on this scale. We
17 touched upon this a little bit earlier. The difference in
18 fuel economy between the lowest rolling resistance tire and
19 one that is 15 percent higher, they are both within the fuel
20 efficient category, fuel efficient tire category, but their
21 difference in fuel efficiency could be upwards of two
22 percent. So you have got a two percent potential gain that
23 you are not differentiating if you simply use that yes/no
24 two-level. And the same applies on the other side in the
25 not fuel efficient category. The range of rolling

1 resistance there could be used greater, so, again, if you
2 do not provide consumers the ability to differentiate, you
3 are giving up that potential savings.

4 Looking at cost and benefit gains for the
5 condition in the industry, a data and record-keeping
6 intensive program, which this is, requires significant
7 investment on the part of the Commission due to ongoing
8 expenses for requiring and maintaining data expertise, data
9 quality assurance, hardware and software maintenance, as
10 well as personnel expenses. This will require the creation
11 and operation of a bureaucracy with its associated overhead.
12 As was shown in the previous presentation, industry costs
13 for a data reporting scheme as proposed in the proposed
14 regulation, are in excess of \$20 million. That \$20 million
15 figure was derived before we needed the magnitude of the
16 reporting requirement, so that number will go up. As
17 presented in the April 8th workshop, the industry costs for
18 our proposal is in the neighborhood of \$4 million.

19 Looking more into the costs and benefits gains for
20 the Commission and the industry, as I said, in the staff
21 proposal, there is no timeline for consumer information to
22 be available. It talks about what manufacturers need to
23 report, but by the time the industry reports, the tires have
24 not been assigned to categories, the information has not
25 been made available to consumers. Consumer actionable data

1 from the industry's proposal could begin to be available
2 almost immediately. We know the rolling resistance of some
3 of our tires. That information could be made available
4 immediately. And as we add new tires, we could add that
5 information to the consumer available information. We do
6 not have to wait for every tire to be recorded before
7 consumer actionable information could be made available.

8 In addition, a categorical rating system easily
9 lends itself to quantifiable savings estimations between
10 grades in terms of fuel saved, money saved, greenhouse gas
11 reduction. Now, here is a tool that a retailer can use to
12 show a consumer that, if you drive a compact vehicle, and
13 you are choosing between a three-star tire and a one-star
14 tire, here is the potential savings you could have, okay?
15 That is not possible with the very simple yes/no fuel
16 efficient, not fuel efficient type of information. So that
17 the categorical system gives you a very powerful tool that
18 can be used with consumers, in general, to make their
19 choice.

20 The categorical rating system also has a very
21 proven effectiveness as a track record of being very
22 effective at transforming markets and modifying consumer
23 behavior. What we are looking at is a chart of the
24 historical UTQG traction grades. The chart starts in 1988.
25 If you look at two lines, look at the pink line and the

1 yellow line. The pink line represents the A traction
2 grade, the yellow line represents the B traction grade, A is
3 better than B. When that information was made available to
4 consumers, you could see a tremendous shift in consumer
5 behavior as demonstrated by product offerings. Consumers
6 migrated toward the better traction tire at the expense of
7 sales of the lower traction tire. As the proportion of "A"
8 rated tires in the marketplace grew, the proportion of "B"
9 rated tires went down. And in the late 90's, when the
10 double A traction grade was made available, AA being better
11 than A, you see that consumer purchases of the AA grade
12 increased, and purchases of the B and A grades continued to
13 decrease. The entire market is shifting toward the better
14 performing tires because of the availability of this
15 information. Not only availability to consumers, but
16 competition between manufacturers. Again, another example,
17 UTQG temperature trades. Again, the dark blue line
18 represents Grade A, which is best, the pink line represents
19 Grade B, which is in the middle, and the yellow line
20 represents Grade C, which is the least performing. Once
21 this information was made available to consumers, again,
22 consumer purchase behavior migrated toward the higher graded
23 tires and away from the lower graded tires. Having this
24 sort of information available to consumers changes consumer
25 behavior and it changes consumer purchase behavior.

1 There are shortcomings to the UTQG system. I do
2 not know of a soul -- and I have been in this business for
3 25 years -- and I do not know anyone who thinks the UTQG
4 system is perfect. But it does work. And the major
5 shortcomings are easily corrected. The reason that the UTQG
6 comes under attack, mostly, is because of the way that the
7 UTQG rule is written. It merely says the tire must perform
8 at the level indicated in the label. What that means is the
9 manufacturer can, for whatever reason, put in lower
10 performing requirement on the tire, and he still satisfies
11 the regulation. There is a very simple solution to that --
12 write the regulation to say that the category that goes on
13 the side of the tire is what the tire tests at. Take away
14 the manufacturer's ability to degrade the tire, problem
15 solved.

16 Also, a significant part of the industry proposal
17 is the use of self-certification; again, self-certification
18 comes under attack from a lot of people who had no
19 experience with it, and that is unjustified. Allowing self-
20 certification does not increase the risk of false, bad, or
21 misleading data. The staff proposal includes a proposed
22 audit system. Leave the audit system in there, let the
23 manufacturer determine the rating, the Commission can retain
24 the right to run an audit. There is the check and balance.
25 There is no loss of integrity of the system allowing self-

1 certification. There is an even lower cost option and that
2 is, rather than a Commission run and Commission paid for
3 audit system, establish a manufacturer challenge. Trust me,
4 we watch what we each do. If someone is making unrealistic
5 claims, they will be challenged within the industry. Self-
6 certification is not a new concept. It is not an un-tested
7 concept. Self-certification has been utilized successfully
8 for decades by the Department of Transportation for
9 compliance with federal motor vehicle safety standards.
10 This is not just for tires, this is for automobiles, buses,
11 and trucks. Safety standards are governed by self-
12 certification, okay? Again, the system works.

13 The consumer information aspect of the industry's
14 proposal, as well as the speed of implementation, the
15 ability to get actionable information in the hands of
16 consumers sooner, creates an AB 32 early action that truly
17 begins reducing CO₂ emissions by 2012. There is an
18 opportunity there to jump start.

19 Now, there is an even greater potential savings
20 out there. We all know that, very recently, the Air
21 Resources Board made a precedent setting decision to forego
22 unique California only tailpipe greenhouse gas standards in
23 favor of adopting new Federal standards that met the intent
24 of the State of California. As was mentioned, NHTSA is
25 currently in the process of developing a tire rolling

1 resistance information system that could be adopted by the
2 State of California. Given California's current budget
3 crisis, it spending scarce state funds on the duplicative
4 regulatory program may not be viewed as prudent state
5 policy.

6 The industry supports providing access to
7 actionable information about tire fuel efficiency
8 encompassing the full range of consumer purchase options.
9 Many members, my own included, have been working for decades
10 pushing the benefits of low rolling resistance tires. It is
11 a tough sell. It is not something that consumers ask for,
12 okay? We are not against providing the information, we want
13 to provide the information. And my company's experiences,
14 and many other RMA member companies' experiences demonstrate
15 that. Good information provided in a useable form, as soon
16 as possible, and in the most efficient manner, will support
17 efforts to transform the market and realize the benefits of
18 more fuel efficient tires. And that is when benefits can be
19 achieved quickly with minimum negative impact in cost, for
20 the Government, consumers, and industry. That concludes my
21 comments. Thank you very much for the opportunity.

22 COMMISSIONER DOUGLAS: Thank you for being here.
23 And if you do not mind staying for a couple questions, I
24 have a few and the advisors at the dais may, as well.

1 It seems like you were saying that self-
2 certification would somehow cost you much less than doing
3 identical tests and giving us the data, and I guess I just
4 do not understand why the costs and logistics of doing a
5 test would be different, unless you are thinking of doing
6 different tests.

7 MR. WISCHHUSEN: We would do much less testing and
8 less -- the complexity of the reporting is reduced. A
9 typical tire line will have, you know, 15, 20, 30 different
10 sizes in it, in very small gradations. Based on our
11 experience, our engineering expertise, we can forget with a
12 high degree of accuracy if I know every second tire -- I
13 test every second tire, or I test every third tire -- we can
14 interpolate what the performance of the sizes in between
15 will be.

16 COMMISSIONER DOUGLAS: I see, so you would test
17 fewer tires and you would extract or generalize from the
18 tests to assign categories or something, numbers.

19 MR. WISCHHUSEN: And then with an audit or a
20 manufacturer challenge program in place, that is the check
21 and balance on that system.

22 COMMISSIONER DOUGLAS: I see, so now I understand
23 what you are proposing. Just a comment, and I would like to
24 give you a chance to respond since this seems to be
25 something you feel strongly about. I really do not agree

1 with you on the argument that you made for a gradation of
2 grades as opposed to a simple yes/no question. I found the
3 staff presentation on the way to the marketplace works and,
4 frankly, based also on my experience buying tires, where I
5 do not want to spend a minute or a second longer doing that
6 than absolutely necessary, frankly. It is very compelling
7 and I think that, while you can show that, obviously, if we
8 were able to obtain perfect information in the marketplace,
9 then we would get more perfect results, potentially, than if
10 we have a yes/no system. The thing that is very attractive
11 to me about a yes/no system is that I think it will be
12 easier for consumers to use, more consumers will use it, and
13 at the very least, we would be able to push the market hard
14 away from the poor performing tires, and so I see a
15 tremendous benefit of doing that, and I wanted to give you a
16 chance to respond to those comments.

17 MR. WISCHHUSEN: All right, well, I think it takes
18 no longer time to relay to a consumer that a tire
19 categorized as D is not as efficient as a tire categorized
20 as B, and yet the benefit to the consumer is greater between
21 a D to a B tire, than it is between a tire 16 percent higher
22 than the lowest grade, and a tire 14 percent. So if you
23 have that scenario where you are laying out each side of the
24 border of a fuel efficient tire, the gain in rolling
25 resistance is essentially zero; however, if you get at this

1 dramatic difference in labeling, if you have A, B, C, D, E,
2 you say a D is better than E, a B is better than D, an A is
3 better than a C, and with the chart that I showed, it is
4 easy to put an estimator on what that benefit will be --

5 COMMISSIONER DOUGLAS: Even though I hear what you
6 are saying, we have talked about that in committee
7 workshops, and I have talked about it with my advisors, but
8 I have got to tell you, putting my tire consuming hat on and
9 listening to you say what you just said, I think any dealer
10 who tried to say that would be tuned out so quickly. And so
11 I so disagree, but I thank you for presenting that
12 perspective. I think that is all of my questions. Are
13 there other questions from advisors?

14 MS. BROWN: I just had one. I am still puzzling
15 over your comment that with self-certification you would be
16 doing less testing, not more. And by putting all these
17 tires into five bins instead of two, it seemed to me you
18 would have to do more testing, and more detailed testing to
19 make a system work that way.

20 MR. WISCHHUSEN: They work. We have been building
21 tires for 100 years. We are familiar with how they perform,
22 and we are familiar with the details of construction and the
23 materials in there, and the impact changes in materials,
24 changes in construction have on the performance of tires.
25 It is an estimation that only very experienced people can

1 make, and yet we are not asking you to trust us -- put the
2 audit system in place and verify it. But it allows us to
3 get the information to consumers much more quickly and at a
4 lower cost. And there is no data at that point for the
5 Commission to manage along with the associated costs of
6 managing that data.

7 MS. BROWN: And what kind of audit system would
8 you be recommending?

9 MR. WISCHHUSEN: There are many that are
10 available. I discussed two of them in my presentation. One
11 is a Commission-run audit system, which is in the staff
12 proposal. A variation of that, which would be lower cost
13 for the Commission, would be a manufacturer's challenge
14 system, where manufacturers can challenge each other. "I do
15 not agree with the rating that you supplied for your tire.
16 Prove it." And that cost is borne by the manufacturer, not
17 by the Commission.

18 MS. BROWN: Do you agree with the estimates of
19 cost that the staff proposed as it portends to troubled tire
20 sales, the cost of tasking?

21 MR. WISCHHUSEN: Yeah, it is very simple, you
22 divide and total the cost by the total number of tires sold.
23 I think our uncertainty to where we may disagree is the
24 total cost. It is cost vs. time. It is a question of
25 capacity.

1 MS. BROWN: I guess I have just one last
2 question, and that is directly to you, Mike, as you work at
3 Michelin, are you saying that much experience with the
4 European rating system, which is an A, B, C, D, E system, as
5 I understand it? Can you comment on that and what you have
6 learned from that?

7 MR. WISCHHUSEN: Well, understand, the situation
8 in Europe, the only regulation that has passed in Europe
9 today is the requirement for some sort of a cap to be
10 applied, okay? And that cap is a cap on rolling resistance,
11 there is a cap on wet grip, there is a cap on noise. The
12 actual grading system has not passed, it has been subject of
13 much debate and it is often close to being passing, it is
14 actually a seven-bucket system with some variability in the
15 width of each adjacent bucket.

16 MS. BROWN: So it would be premature to draw any
17 conclusions about the effectiveness of the system?

18 MR. WISCHHUSEN: Because we are dealing with
19 proposals, yeah. So, no, we do not know the effect because
20 it is not in place, it has not had a chance to effect the
21 market yet. Again -- oh, excuse me.

22 MS. SCHWYZER: Yeah, I do have a question,
23 thanks. Regarding the July 2011 proposed reporting
24 labeling, you stated that was unrealistic and it seemed to
25 be based mostly on the amount of time it would take to

1 purchase and install the new machines. In Ray's
2 presentation, it seemed like there are some machines that
3 the manufacturers already own. Can you comment at all on
4 how you might be able to use those machines you already
5 have?

6 MR. WISCHHUSEN: Yes. Smithers apparently did not
7 speak to any tire manufacturers when they estimated how many
8 machines were available. I know the number is not accurate
9 for my company. I cannot speak for other companies because
10 I do not know what their capacity is. The other error in
11 rationale there is that all machines globally are available
12 for testing for the State of California. That is simply not
13 true. I mean, it is a North American market. We have not
14 even tested capacity in North America, and that is the
15 number we need to use. The other very optimistic assumption
16 that was made was machine availability. You know,
17 essentially the down time. We are in a very tight margin
18 industry. We do not have huge amounts of capital
19 investment. And, understand, a rolling resistance test
20 machine is a huge amount of capital investment. If we spend
21 that money, we do not let the machine sit still. These
22 machines can be used for other testing and, if they are
23 available, they are used. So assuming that, you know, 50
24 percent of machine time is dormant right now and can be

1 immediately put into place simply is not a realistic
2 assumption.

3 COMMISSIONER DOUGLAS: Thank you. I think that is
4 all of our questions. Thanks very much for being here today
5 and for making your presentation.

6 MR. WISCHHUSEN: Thank you.

7 MR. TUVELL: That, uh, concludes are first
8 session, to start on our lunch time, so -- wait, Dan?

9 MR. GUINEY: I am Dan Guiney with Yokohama Tire.
10 I live in Irvine, California. I would just like to go on
11 the record and say that I would hope that whatever our state
12 decides in terms of this draft regulation, that it is not
13 based on anyone's personal opinion about a buying
14 experience, with all due respect. I would hope that it is
15 based on years of experience in transforming markets, which
16 we tried to present. Thank you very much.

17 MR. TUVELL: I failed to ask whether or not there
18 is anybody that is participating the via the Internet that
19 has any questions or comments at this point. But because we
20 will likely be breaking for lunch -- wait, Mike Wischhusen
21 just raised his hand here. Please.

22 MR. WISCHHUSEN: Yes. Could we have for the
23 record a list of who is participating via the Internet?

24 MR. TUVELL: If they identify -- the people who
25 choose to participate by Internet have the option of

1 participating confidentially, or registering their names.
2 If they have registered their names, we will make them
3 available. If they choose not to, then I would like to
4 honor that. So I would like to ask at this time if there is
5 anybody that is participating via the WebEx that has
6 questions regarding our first session because we will soon
7 be ending that session and going into the next, so if you
8 have questions regarding the first, please ask those now.

9 MR. TONASCHEL: This is Luke Tonaschel. Can you
10 hear me?

11 MR. TUVELL: Yes, we can, Luke.

12 MR. TONASCHEL: Okay. I tried to chime in a few
13 times, but I was not sure if anybody could hear me.

14 MR. TUVELL: Just a minute, Luke. There is
15 somebody else talking. Please honor that Luke has the
16 floor. Go ahead, Luke.

17 MR. TONASCHEL: I heard Commissioner Douglas and,
18 I believe, Susan Brown, and I am sorry, I could not be there
19 in person, I just had a couple quick comments related to the
20 discussion, both of the Commission presentation and Mike's
21 presentation. And as Mike pointed out, AB 844, and Ray
22 pointed out, was originally passed in 2003, so we have been
23 spending a lot of time coming to this moment and, you know,
24 my overall recommendation is that NRDC is urging the
25 Commission to quickly adopt this regulation. There are two

1 main strengths of the Commission's draft that -- I would
2 say the two main strengths of the Commission's draft are
3 that they include data reporting requirements and the way
4 that they structure the rating system. In my last letter to
5 the Commission in response to the previous workshop, I made
6 the point that accurate tire efficiency data is an essential
7 undertaking of an effective program, and requiring the
8 reporting of the test results gives confidence in the tire
9 performance and becomes a basis for consumers to make
10 informed purchasing decisions. Requiring the data to be
11 transparent and available on a public database also
12 encourages competition among the manufacturers to deliver
13 the best product. Another point of this, and related to the
14 discussion about sort of the threshold rating system is that
15 the database also allows retailers, marketers, and others
16 that provide consumer information, somebody like Consumer
17 Reports, to analyze the results and they can find new and
18 innovative ways to educate the consumer over the whole range
19 of the results. So in addition to the -- you have, I think,
20 the double benefit of having a simple system where, you
21 know, a retailer that wants to stock their shelves knows
22 that they want to look for the fuel efficient tires, and
23 they can have that in their RFP that they are suppliers, but
24 you also have a system by which retailers can build more
25 sophisticated programs and do more consumer education based

1 on the whole range of the data. So I think the system as
2 it is provides both those benefits. So again, the rating
3 system benefits from simplicity and encouraging competition,
4 and it is the 15 percent threshold allows the consumers to
5 have an easy sort of quick designation of what fits onto
6 their car. But I think the rating system also, being key
7 for the best performers, automatically keeps up with the
8 changes in the marketplace and, again, encourages more
9 competition among the tire manufacturers with a race to the
10 top, the tire manufacturer that produces the most efficient
11 model for a size and a load class effectively determines how
12 many other tires can be labeled as efficient in that class.
13 And I want to point out that this is not a new concept.
14 Actually, Japan uses a very similar concept in their energy
15 labeling system, which they call the "Top Runner Program."
16 So to summarize my brief comments, I just want to say as an
17 energy [inaudible] I think this is a strong regulation and I
18 urge the Commission to move quickly to adopt it. Thank you.

19 MR. TUVELL: Thank you, Luke. Is there anyone
20 else on the Internet that has comments, questions regarding
21 session 1, before we break?

22 MR. RASSETTER: Ray, this is John Rassetter at
23 Tire Rack in South Bend.

24 MR. TUVELL: Thanks, John. Go right ahead.

1 MR. RASSETTER: One of the things that we look at
2 is the combination of both the California Energy Star type
3 of rating. It has really got to be complimented by the
4 detailed information on the products because, certainly for
5 the casual tire purchaser, the Energy Star is a clear marker
6 in their mind, but I think to maintain the information so
7 that it is not only a single system, but that it does allow
8 the Internet and other companies such as Tire Rack the
9 ability to make comparisons throughout the range of products
10 within a given size, and certainly one of the things that we
11 have tried to do is differentiate products by allowing the
12 consumer to still buy almost any of the characteristics of
13 size, load range, speed rating, and things of that nature.
14 They can look at a macro view of all tires in the
15 appropriate size for their vehicle, or then go down to the
16 micro view of specific ones that are of greatest interest to
17 them based on the various characteristics. So one of the
18 things that we feel is that it is important not only to have
19 the basic Energy Star type symbol as one characteristic, but
20 it also is equally important to have the range of data
21 available to the world.

22 MR. TUVELL: And we agree completely, John. And
23 if there was ever anybody's confusion on that, we intend to
24 provide both. You are absolutely correct that there are
25 those of interest out there that love to do the detailed

1 research, and we want to get that information in their
2 hands. And let me also say that I agree completely with
3 what Luke Tonaschel said in that if this data, all this
4 detail is made available in the marketplace, I cannot wait
5 to see the creative uses of that data. I know there are
6 some people out there who get into this stuff in detail, and
7 I just want to see what they can turn this into, in terms of
8 potential calculators, and other ways to digest the
9 information and transform it into the marketplace in
10 different uses, because I could just see an unlimited use
11 potential for the data, and that is why we want to make that
12 another central part of this program, get this detailed data
13 in the hands of everybody who wants it, and let them put it
14 to use. Thanks, John. Is there anyone else that has
15 comments on the first session before we break? Okay, if
16 not, then we are going to break the first session. I am
17 going to suggest that we start the second session at --
18 somebody help me -- I am thinking either 1:30 or 1:45. Is
19 there a preference? 1:30? Okay, 1:30, and maybe we can get
20 out earlier. Okay, so it is essentially 12:20 now. We will
21 reconvene at 1:30. Thank you very much.

22 [Off the record for lunch break.]

23 [Back on the record at 1:40 p.m.]

24 MR. TUVELL: And, and so, I wanted to actually
25 kind of have an open discussion here first about how we

1 wanted to proceed and what the vision was. The Commission
2 has previously run workshops similar to this, where we have
3 sort of this bifurcated, hybrid sort of a thing. My
4 expectation, along with the Commissioners and Advisors,
5 would not necessarily participate in the second part. The
6 second part was the vision that it is the opportunity to
7 roll up your sleeves, let's sit down and talk in some
8 detail. So, for example, this would be an entirely
9 appropriate time to maybe go through the regulations to say
10 is there any confusions or misunderstanding, did you
11 understand how this worked? Did you find some errors? For
12 example, I put out a little bit, an errata outside today.
13 Let me tell you what that is. The errata is the basic
14 problem we found in the editing associated with the vision
15 of the version that is out on the table today. Okay? So it
16 would be the most current version, but I think you would
17 also agree if look at the errata, there is no pre-defined
18 substantive changes or substantive problems. And so I just
19 wanted to bring your attention to this as the nature of the
20 documents. Okay? But -- and then, so also -- so I am open-
21 minded on how you would even like to proceed. But I know
22 the Commissioners' vision is this is the opportunity to make
23 sure there is no confusion or misunderstanding on anything
24 we are proposing to do. Okay? That this was the
25 opportunity for the industry, in particular, to drill us in

1 detail about the Regs. And so that we can say, we can ask
2 a good question, I mean, as far as I know, there is nothing
3 else, and if there is, then here is the issue, or something
4 like that. Okay? This is clearly the forum for doing that.
5 Now, also, I was talking to Andrew Fanara, who is here from
6 Energy Star, and they have been watching different
7 discussions relating to Energy Star, and this, that, and the
8 other thing, and there were some comments about it from the
9 industry in this morning's session that suggests to me that
10 there may be some confusion about how Energy Star operates,
11 and so I have asked Andrew whether or not he would be
12 willing to share in any discussions about that, if there is
13 any confusion. Now, let me again qualify the whole
14 discussion or use of the Energy Star name today, okay? We,
15 the Energy Commission, do not have the authority for the use
16 of the term "Energy Star" relative to this program. Let me
17 make that clear to everybody, however, okay, I have been, as
18 you know, Andrew and Energy Star were at our November
19 roundtable meeting. We have been coordinating with them all
20 along because we saw the potential there, that maybe there
21 is an opportunity to do something in the future. Okay? And
22 so it is uncertain, but nevertheless, if there is some
23 confusion on the part of the industry about how could that
24 somehow potentially apply to this program, the perfect time
25 to raise those questions and see if Andrew has some answers

1 for it. Okay? Also, in this morning's session, in the
2 industry presentation, I think there were a number of things
3 that were said that suggested to me that there may be some
4 confusion from your folks' perspective after having read our
5 regulations. And I would be happy to answer some of those
6 things. And maybe that is a good place to start, to try and
7 get the ball rolling here. For example, I recall in the
8 morning session there were some questions about, if data is
9 submitted to us, how quickly does it get into the database,
10 and there is a provision in the proposed regulation that
11 says we accept data on a continuous basis. So as new
12 products come out, we accept data on a continuous basis,
13 there is a schedule on accepting data on a continuous basis,
14 in detail in the regulations, and then we automatically
15 insert it into the database if it met all the filing
16 requirements. What the proposed regulations also say,
17 though, is only once a year, by January 15th, would the
18 Energy Commission reassess which tires are within 15 percent
19 and then reestablish the definition of fuel efficient tire
20 for -- we would do that once a year. But once we did that,
21 any tire that came in during that year, if it fits within
22 that pre-defined 15 percent, it automatically goes in and it
23 would be called a fuel efficient tire until we reassessed
24 the next year what is within 15 percent. So we accept them;
25 if it automatically fits in? It does. Okay?

1 Now the other thing that there was a question
2 about was -- it is a perceived major delay in getting the
3 program up and operating, how fast would the Commission do
4 this, and there is nothing in the regulations that mandates
5 the Commission do this by a certain date. So typically in
6 regulations, we do not regulate ourselves. Okay? And so I
7 would not expect to see us write detailed provisions to say,
8 "The Energy Commission must do this, the Energy Commission
9 must do that." That is not the way the regulations work.
10 Let me tell you what my vision was, though, in directing the
11 data submittal side of this, okay, and that was pretty
12 simple and straightforward. We would establish a priority
13 list of the most popular tires in the marketplace. So the
14 most popular tires by size on passenger tires, and the most
15 popular tires by size on the LT tires, and we would say test
16 those in order of their popularity in the marketplace
17 because my feeling is, based on the data I looked at, and on
18 LT tires, for example, we think a high 70s, maybe low 80
19 percent of the marketplace falls into the top 10 tire sizes
20 that exist in the LT marketplace. Passenger tires, though,
21 we think we would have to get down to maybe the top 20 sizes
22 to cover 60 to 70 percent of the marketplace. So the
23 intention would be we will prioritize the testing schedule,
24 test these first so that the most popular tires in the
25 marketplace we have data on, then we can go ahead and

1 implement the old program in the database without having to
2 worry about shouldn't we be [inaudible] it because we will
3 have covered the vast majority of the marketplace early on
4 by getting those popular sized tire data in. But, of
5 course, just let me clear up any confusion there. We
6 thought this through, but this would not be a provision in
7 the actual regulations, where this was covered in the
8 regulations is that there was a provision that alluded to
9 the Executive Director can establish schedules for data
10 submittal, and that is what was intended to be here. We
11 would do this outside of the actual regulated -- to say,
12 well, there is this priority, here is the priority, because
13 we liked it. Right? And I think that is something we can
14 meet and agree on. Oh, yeah, this is clearly the priority,
15 those are the tires as they exist in the marketplace. Okay,
16 that makes sense to test those first to get the data in.
17 And so now the vast majority of consumers can have access to
18 the data without having the complete database. And so I
19 recalled those two comments, in particular, this morning.
20 But I suggest, then, because there were other concerns
21 expressed this morning, that if you could restate those now,
22 and ask them to me directly, and say, "Okay, this morning we
23 mentioned we saw this problem," and now I could respond to
24 you directly on what my reactions to that, or my response is
25 to that, because I did feel in observing your presentation

1 that many of your report is maybe grounded in some
2 confusion that I think I could clarify now.

3 Now -- and I am directing -- I really want to use
4 this as an opportunity to direct my comments presently
5 toward the RMA, which my Commissioners' view is the
6 principal stakeholder here that appears to have issues and
7 opposition to the staff proposal, we want to know what those
8 are in some detail, and if there is confusion associated
9 with it, we would like to clarify that.

10 MS. NORBERG: This is Tracey Norberg for the
11 record, with Rubber Manufacturers Association, for the
12 record. I think for the time together this afternoon, maybe
13 it would be helpful for everyone here to agree on an agenda
14 for this afternoon's discussion. I think several ideas have
15 been shared in terms of how we might proceed this afternoon
16 and directing remarks. And maybe we could just sketch out
17 how we would proceed with the agenda because I think we have
18 heard should be go through these regulations page by page,
19 should we talk about Energy Star, and here are some inputs
20 from the a representative. Should we respond directly to
21 the concerns we shared this morning? And I think it would
22 be helpful if we could sketch out what our agenda is for
23 this afternoon so that we all can manage our time the most
24 effectively and have a productive discussion.

1 MR. TUVELL: Absolutely. So I will allow you to
2 create the agenda and we will do what you like. This is
3 your time to use with us.

4 MS. NORBERG: Okay. We did appreciate the time
5 this afternoon to submit comments. For the record, we will
6 provide copies of our presentation out front, and we hope
7 that our presentation can also be posted in PDF format on
8 the website for those that were not here in person today,
9 and we do expect to submit comments during the 14-day
10 period. I assume that we still have that opportunity to
11 submit comments after this workshop. And we do have some
12 procedural questions as to how this process is going to
13 unfold after that period does transpire in terms of what are
14 the next steps in the process, what does the timeline look
15 like going forward, and so that we all have an equal
16 understanding of how the process will unfold.

17 MR. TUVELL: Okay, okay. So let me ask you, then,
18 I believe that, in your presentation, or Mike's presentation
19 this morning, that there were a number of things that I
20 thought reflected potentially some confusion and
21 misunderstanding of what we are doing, or proposing to do.
22 Do you see any value in you sort of restating some of those,
23 going through, say, well, help us to understand at this
24 point, you know, "We have this criticism. Can you help us
25 understand that?"

1 MS. NORBERG: So you are asking us to give that
2 presentation again? We could pull that up if that --

3 MR. TUVELL: I do not know, if that is how you
4 would prefer. But, look, I think you have a tremendous
5 opportunity here to have one-on-one discussion to resolve
6 any number of issues that you believe may be a result of
7 confusion or misunderstandings on your part. I encourage
8 you to take advantage of it.

9 MS. NORBERG: Okay, well, let's start with talking
10 about the agenda for this afternoon and maybe we can all
11 agree on some --

12 MR. TUVELL: Okay, and I am saying you make the
13 agenda, we are making our time available for you. That is
14 what this session was for.

15 MS. NORBERG: Okay, well, you have laid out
16 several ideas about the agenda, I mean, are you proposing
17 any of those ideas as to how to proceed this afternoon?

18 MR. TUVELL: Maybe you are not understanding. I
19 am saying I will do whatever you would like.

20 MS. NORBERG: All right, well, let me just ask
21 you, are you asking us to re-give the presentation from this
22 morning?

23 MR. TUVELL: If you think that would be useful
24 and, at this point, then, I can ask questions and say I

1 could be confused about this, let me clarify. I would be
2 happy to do that.

3 MS. NORBERG: All right. Everyone in --

4 MR. GUINEY: Right. Hi, this is Dan Guiney,
5 Yokohama Tire. Can you just put up the presentation -- do
6 you have access to the presentation?

7 MR. TUVELL: The overhead presentation?

8 MR. GUINEY: Yes.

9 MR. TUVELL: Sure, absolutely.

10 MR. GUINEY: And I want to go to one of the slides
11 that had to do with industry observations. And if you go
12 through them, I will just say stop. Okay, almost, next,
13 next, next, next, keep going, okay, this is the slide.

14 MR. TUVELL: Great.

15 MR. GUINEY: The first bullet point pertains, as
16 specifically stated, is there -- are we correct -- is that
17 yes? Is our interpretation correct?

18 MR. TUVELL: Okay, and so it is our conclusion
19 after reading through it that the exemptions apply strictly
20 to the types and quantities of the tires sold solely within
21 the State of California. Well, now, absolutely. I mean, AB
22 844 only applies to California, so everything associated
23 with it only applies to California. This -- the scope of
24 this proposed regulation only applies to California. Now,
25 as to this statement about exemptions apply strictly to

1 types and quantities of tires, maybe we can go through this
2 in a little more detail. Okay? So basically in the scope
3 section of the proposed regulations, it mentions, in Section
4 B, exemptions. Now, we took those exemptions straight out
5 of AB 844, okay, and that is what they were supposed to be,
6 and after reflection of exactly what the legislation says.
7 Now, we believe that the identification of the tires that
8 apply to those in the exemptions is self-evident. So for
9 example, space saver tire is so heavy that nobody in the
10 marketplace could get confused and say, "Well, why isn't
11 this in your system? Why isn't it rated?" We say it is a
12 space saver tire, everybody can see it just by observation,
13 it is exempt. Certainly with temporary use, spares,
14 certainly with motorcycle, certainly with less than 12-inch
15 and similarly with off-road motorized vehicles. We think
16 those are self-evident exemptions. There would not be
17 confusion in the marketplace. However, there are two
18 exemptions that we think confusion could arise over and that
19 is Exemption 1. "A tire or group of tires with the same
20 SKU, plan, and year for which the volume of tires produced
21 and imported is less than 15,000 annually." Here is the
22 scenario we envision. A consumer, a dealer, or us, the
23 Energy Commission and the compliant (phonetic) state, find a
24 tire in the marketplace, we pull it in, and it is not in our
25 database. Why not? Looks like a normal passenger tire to

1 me. How would we know if it was an exempt tire, or
2 somebody is failing to report it? And what we are asking
3 for in the provision here, and in more depth in the program
4 is, we want you to declare the tires that are exempt for
5 category 1, it is less than 15,000, or category 2, and say -
6 - we want you to declare it so that we have that in our
7 records, so we know it is an exempt tire. So somebody calls
8 up, we find it in the marketplace, or a dealer, and we would
9 look at our database and say, "This is exempt." They
10 declared this exempt because there are less than 15,000 of
11 them made, and that is why we do not require testing -- they
12 are exempt. So we would know that. And, yes, that is
13 specific to tires sold or available for sale in California.
14 Now, let's talk about the sold or available for sale for a
15 second because I do not think there should be any
16 misunderstanding about this, but it is always worthwhile
17 talking about it. What is available for sale in California?
18 Now, Tire Rack does not have the California presence, and I
19 personally purchased tires from the Tire Rack before. And
20 so it is available for sale in California, and so anybody
21 who sells tires over the Internet, or mail order, if it is
22 available for sale in California, it applies. Okay? So I
23 did not want there to be any confusion about that. But, no,
24 your point 1 goes to this question of what exemptions apply.
25 There were only two exemptions that we think are not self-

1 evident, it is 1 and 2, and to eliminate confusion in the
2 marketplace, we have structured a little -- and we think it
3 to be a very minor reporting requirement on your part --
4 just declare it, tell us -- give the SKU, it is exempt, we
5 are claiming it is exempt because it is less than 15,000
6 made, good, we got it in the database, now we know, somebody
7 calls us up, we say "it is exempt."

8 MR. GUINEY: So as stated, we understand
9 correctly, as we stated it?

10 MR. TUVELL: Yeah, if the explanation I just
11 provided to you is correct, in other words, if I have
12 characterized this correctly, yes. If it is sold or
13 available for sale in California, it is in the scope of the
14 program. And all of you decide -- if you think there is a
15 confusion, or somehow -- help me, and then I will explain.

16 MR. GUINEY: Let me just give you the corollary.
17 There are types and quantities that are not sold in the
18 State of California, therefore, they are exempt.

19 MR. TUVELL: Yes.

20 MR. GUINEY: Okay. It is clear to me. Thank you.

21 MR. TUVELL: Yes. Okay, go ahead Tim. Do you
22 have a question? Because maybe I can facilitate the process
23 by going through some of your presentation and clarifying
24 some of these issues. I will be perfectly glad to do that,
25 too.

1 MR. ROBINSON: Ray, Tim Robinson from Bridgestone
2 Americas Tire Operations. Just a couple points of
3 clarification. In your draft regulation, it states some of
4 the information you want recorded or reported in the UTQG
5 temperature, traction and tread wear ratings.

6 MR. TUVELL: Yeah.

7 MR. ROBINSON: Those do not exist for LT metric-
8 type tires.

9 MR. TUVELL: Absolutely.

10 MR. ROBINSON: Okay, so you are aware of that?

11 MR. TUVELL: Yeah.

12 MR. ROBINSON: Okay, it is just impossible to
13 report those.

14 MR. TUVELL: Right.

15 MR. ROBINSON: The other point you mentioned was
16 that, with your study, I think it was done by UC Berkeley,
17 or whatever, that few people, or most of the influence to
18 consumers are conducted at point of sale, and few people use
19 the Internet to do research prior to purchasing tires. So
20 in your proposal, you will have two categories, either it is
21 fuel efficient, or not fuel efficient. The fuel efficient
22 will be 15 percent of the market, roughly. So you are
23 leaving out 85 percent of the market. So those people will
24 not have a choice. For example, for a given size tire,
25 well, pick a 195, 75R15, their vehicle may require all

1 terrain or mud and snow tires -- not mud and snow, but max
2 traction type tires. Those typically would not be in the
3 lower 15 percent because they have deep treads for traction,
4 which is recommended by the OEM. So, in effect, you are
5 leaving those folks out of the rating system.

6 MR. TUVELL: Okay, yeah, let me address that.
7 Probably the best way we would like to see this proposed
8 program viewed is there is actually two major components to
9 the rating system; first and foremost is the extensive
10 database on all the tires, that anybody who wants to do
11 detailed research can get access to. I mean, if they know a
12 specific tire that they are interested in, they could go
13 straight to the database and find that rolling resistance
14 data.

15 MR. ROBINSON: You had mentioned that there are
16 very few people that do that at the point of sale.

17 MR. TUVELL: That is our general belief, maybe you
18 could help me confirm it or not.

19 MR. ROBINSON: So aren't you excluding a portion
20 -- a big portion of the market, or a big portion of the
21 consumers because they will not go and access that database
22 prior to point of sale?

23 MR. TUVELL: Oh, no. When I say that, and what I
24 meant to say is we believe they do not want access to that
25 detail. It will be accessible to anybody who wants it, but

1 what we were trying to do is, we were looking at the
2 marketplace as we understand it predominantly operates, and
3 then, so you saw me characterize in our presentation, and
4 said, "In order for this program to be effective, it needs
5 to be effective in the marketplace as it predominantly
6 operates, and that is when we solicited discussions with
7 everybody we had talked to, and they were telling us time
8 and time again, it is mainly a distress purchase market,
9 they want in, they want out. If you are going to develop a
10 tool, it has to be simple enough to have a snap judgment
11 type answer to it or something, but do not come up with
12 something complicated. And that resonated with us, and that
13 is why we looked at it and said a clear, major part of this
14 market that operates that way, and that a major part of our
15 program has to function well in that marketplace. And that
16 was the -- it is a fuel efficient tire, or it is not. It is
17 specifically designed for people who are comfortable making
18 a decision on no more than that. And in this market, we
19 think that is a significant portion of the market.

20 MR. ROBINSON: Okay, thank you.

21 MR. OKIHISA: Uh, Tom Okihisa with Toyo Tires. I
22 just had a question, or need a clarification on one part of
23 the scope, which has to do with the regulation applying to
24 manufacturers. I am wondering how that would apply to
25 importers or distributors where the actual manufacturer does

1 not necessarily have a presence, or lets say an office, in
2 the United States.

3 MR. TUVELL: Yeah. Well, first of all, the scope
4 applies to manufacturers, okay? And it is only to
5 manufacturers who have tires that are sold or available for
6 sale in California. Now, my general understanding of the
7 marketplace is this way, and you can help me clarify. There
8 are a number of foreign tire manufacturers that have -- that
9 market tires in the United States and likely in California,
10 and that in order for them to be allowed to do that
11 consistent with federal law, they must have a United States
12 presence, okay, and only then can they market tires in the
13 United States. Now, we sent out notifications to every tire
14 manufacturer that had a "United States presence" and the
15 name and address of the people that were identified as that
16 United States presence, to notify them where we are going
17 through this rulemaking. So ultimately, the responsibility
18 for complying with our regulations would be with the
19 manufacturer, however, if they want to work through their
20 designated United States presence to do that, that is
21 absolutely fine with us. And it is my understanding that is
22 how they operate now in many cases with NHTSA, and I do not
23 know a lot of details about that, but if that system is
24 working, then that is absolutely fine with me. But the
25 responsibility is with, first and foremost, the

1 manufacturer. If they want to work through an intermediary
2 to get that stuff to us, fine with me.

3 MS. NORBERG: Tracey Norberg with Rubber
4 Manufacturers Association. To clarify, at the federal
5 level, there is not a requirement that a manufacturer has to
6 have a U.S. presence and, instead, federal law specifically
7 applies to either manufacturers or first importers of tires,
8 and so that distinction that is being addressed here is
9 that, by targeting only manufacturers in this context, the
10 first importers of tires that do not have a U.S. office
11 would not be subject to this regulation, and enforcement
12 would be near impossible to try and enforce a regulation
13 against a manufacturer that is solely in a foreign country.
14 NHTSA gets around this challenge by requiring that the law
15 apply to either manufacturers or first importers.

16 MR. TUVELL: I appreciate that. So you are
17 suggesting to me that, in fact, this is a known problem and
18 there has been a methodology developed to overcome this
19 through NHTSA?

20 MS. NORBERG: Basically, because some
21 manufacturers do not have a U.S. presence, the first
22 importer ends up being the manufacturer on record, and so
23 the regulation applies to the first importer in that case,
24 and not the manufacturer, and so the first importer, whether
25 it is a distributor or retailer, or whomever it is, that is

1 contracting for those tires and importing them into the
2 United States, is the one that has to comply with federal
3 regulation.

4 MR. TUVELL: Okay, very good. I appreciate that.
5 I was sitting here wondering how best to move forward on
6 this, I was thinking maybe I could go through your
7 presentation and clarify some things, and I hope you can
8 indulge me in doing that. The comprehensive database is
9 basically straightforward. We believe that you are sitting
10 on the database right now of essentially all of the
11 information we are asking for, other than the testing
12 results, and that it would be a very simple function for you
13 to provide that to us so that, in fact, we do have that
14 comprehensive set of data in one place and, for anybody who
15 does want to do research, it is right there. And then, this
16 is commonly what we have done in any other appliances that
17 we have regulated, where we would pull in -- for
18 refrigerator freezers, the actual outside dimensions, the
19 actual inside dimensions, other detailed information that
20 would be commonly of interest to people doing detailed
21 research. And so we thought long and hard about, well, what
22 are those kinds of information that they may want to use in
23 doing that, and we looked at this and said, "You guys have
24 this, you have got it sitting in your databases back in your
25 companies right now." I could go to your website and get it

1 in many cases, why not make it conveniently available in
2 one major database for part of this program, and that was
3 the thinking behind that -- basic and straightforward. It
4 is there, that is in the public domain right now, there is
5 no proprietary nature on any of this stuff that we are
6 asking for, and so we do not understand how it could be
7 viewed as onerous in any way. I thought in this morning's
8 presentation I was pretty clear that, in fact, we did follow
9 exactly the steps that are outlined in 844. Okay? We
10 looked at every database that exists in the public domain,
11 absolutely every one, okay? In an RMA submittal to us on
12 April 28th, they said -- you folks said -- this database
13 represents 90 percent of the tires in the marketplace. And
14 if you are now saying it is not representative data, we find
15 that contradictory. We then used the knowledge we gained
16 from the review of the databases to then explore the concept
17 of the rating system. And so we took the knowledge of the
18 database, and then went out and started talking to people in
19 the marketplace, retailers, consumers, had the roundtable,
20 and then melded that altogether to come up with the ratings
21 system, then based on that ratings system, we came up with
22 the manufacturer reporting requirements consistent with that
23 rating system and how the program would run. We believe we
24 followed those steps exactly as outlined in 844. Okay?
25 Yeah, I mean, look, the level we have on scheduling when the

1 data is due -- you saw the analysis that Smithers did, we
2 identified all the variables, we did numerous scenarios,
3 development based on those scenarios, we turned to you and
4 said, "Provide us with detailed data on how many test
5 machines you have, location, capacity," and our
6 understanding is that you are saying, "No, that is
7 proprietary, we cannot share that with you," and we say,
8 "Okay, fine, okay." Then, here we go. Here is the scenario
9 analysis. You are saying you do not have anything that can
10 confirm in any objective way your perspective on this, well,
11 that is what policy makers get paid to make decisions for.
12 No timeline has been established, then, for ratings to be
13 assigned for consumer information. Again, I hope I
14 clarified that in my earlier comment. What we envisioned
15 was, by prioritizing the tires that need to be tested based
16 on popularity in the marketplace, that we could get a
17 critical mass of data in very early on that we could use to
18 implement the programming and get the data out there that
19 would satisfy a huge chunk of the marketplace. So we had a
20 revision waiting until we got the complete dataset on all
21 SKUs before implementing the program. I mean, not at all.
22 I mean, we will get it out as soon as we possibly can, you
23 know, in a useful form, and that is why the prioritization
24 made a heck of a lot of sense to us. But it would not have
25 been a provision we would put in the regulations, per se.

1 MR. ROBINSON: Excuse me, Ray. Tim Robinson
2 again from Bridgestone.

3 MR. TUVELL: Yeah.

4 MR. ROBINSON: As we stated before for the record,
5 we do not agree with the Smithers analysis of excess
6 capacity that exists in the industry. Speaking for
7 Bridgestone, we will say that we have no excess capacity
8 whatsoever. Our machines run 24 hours a day, seven days a
9 week, it is very expensive to buy this equipment and new
10 rolling resistance machine, enclosed in the housing it is
11 required to control ambient conditions, it costs about \$1
12 million. So it is just good business practice not to have
13 excess capacity, particularly in the economic environment
14 now. We do not have that money to spend and just have the
15 machines set there idle. So that is part of the reason why
16 we take exception to some of the information that was
17 provided by Smithers. So the estimate of one-day years is
18 -- it is somewhere in the middle, as Mike indicated before,
19 more than one, probably less than eight in our case.

20 MR. TUVELL: Well, and of course, I mean, I hope I
21 have characterized properly that Smithers was a scenario
22 analysis, they are not claiming what your capacity is, they
23 do not know, I do not know, nobody knows -- as you said, it
24 is proprietary, we would not have a basis for knowing. And
25 so therefore we did a scenario analysis and we said assuming

1 it is 50 percent, assuming it is 25 percent, assuming it
2 is only eight hours a day, assuming it is a 24-hour day --

3 MR. ROBINSON: Right, and in those terms, I am
4 saying both of those estimates, the 25 percent, the excess
5 capacity, and 50 percent excess capacity are extremely
6 exaggerated. We have zero capacity. Our machines are
7 backlogged, we run them 24/7, and unless we get to a higher
8 level of backlog, we will not make a business decision to
9 purchase another piece of equipment at a million dollars
10 each.

11 MR. TUVELL: Okay, and I understand that. And
12 like I say, all of them lay on an issue like this where
13 there is no way for us to do independent verification, this
14 is the one where policy makers get to make decisions.

15 MR. ROBINSON: Yeah, I understand. Thank you.

16 MR. GUINEY: Ray, Dan Guiney, Yokohama Tire.
17 Could you back up one slide because I think you went through
18 something.

19 MR. TUVELL: Sure, sure.

20 MR. GUINEY: The second bullet there, I guess -- I
21 thought I heard you say you addressed that.

22 MR. TUVELL: The rating system is not derived from
23 a representative sample?

24 MR. GUINEY: No, no, the second bullet point.

1 MR. TUVELL: Oh, reporting and auditing
2 requirements do not account properly nor completely for a
3 technical measurement uncertainty. Well, you know, in my
4 presentation, I gave you the perspective of where we are
5 coming down on the technical side of this. We look at ISO
6 28580 and, for the individual test machine, it talks about a
7 standard deviation of less than .075, and we think that
8 translates roughly into one to two percent of variance, and
9 we believe that the machine alignment provision in ISO 28580
10 was designed to achieve a plus or minus two percent. So
11 that is our belief, that is the only information we have
12 seen, and we think that is adequate.

13 MR. GUINEY: Yeah, and in your presentation, I saw
14 you had listed the .075 and you also listed 2.0 percent,
15 machine to machine. Can you help me understand where that
16 came from, that two percent statement?

17 MR. TUVELL: Yeah, the two percent was the one --
18 that statement was the one I referenced at the April 8th
19 workshop and I pulled up a Michelin presentation, and I said
20 this is the only data we have on this, and I specifically
21 requested that, if you folks can bring forward to us, people
22 that were on that committee, that can help us understand
23 otherwise, and we can have this discussion with them, we
24 would love to have it.

25 MR. GUINEY: Okay, thank you.

1 MR. WISCHHUSEN: Mike Wischhusen, Michelin. As
2 familiar as I am with the ISO work, a two percent objective
3 was never stated in ISO. You reference a Michelin
4 presentation and, as a representative of Michelin, I can
5 tell you it has nothing to do with the ISO project, that was
6 ETRTO, two totally separate organizations, two totally
7 separate products. So the two percent you saw in the
8 Michelin presentation referring to ETRTO does not apply to
9 ISO.

10 MR. TUVELL: And I turn to you folks again and
11 make this request. If you could make available to us access
12 to the people on the ISO committee who were charged with
13 dealing with the machine to machine measurement calibration
14 provision, so that we can have a discussion with them on
15 exactly this level of detail, we would love to be able to do
16 it.

17 MR. WISCHHUSEN: Mike Wischhusen, Michelin North
18 America. Mr. Dan Guiney, who has spoken here today, was a
19 member -- is a member of the ISO Committee, and Dan
20 presented that information at one of the previous workshops,
21 so it is in the docket, it is in the record already. Dan is
22 a committee member.

23 MR. TUVELL: Okay.

24 MR. OKIHISA: Tom Okihisa, Toyo Tires. Slightly
25 different -- I am going back to the scope --

1 MR. TUVELL: Absolutely.

2 MR. OKIHISA: -- with the exemptions. I just want
3 a clarification on the 15,000 you can produce or imported
4 annually. For a new product, since we would not know
5 exactly how many were produced that year until probably
6 three-quarters into the year, and we could project, would we
7 report on the previous year when we make our report, saying
8 whether it was over or under, or --

9 MR. TUVELL: Yeah, I think this is one of those
10 things where this is the question of the letter of the law
11 vs. the intent of the law. You know? I was not involved in
12 actually writing this legislation, but I think it is -- the
13 proper way of interpreting this -- this is the way I would
14 interpret it, ultimately, I guess a Judge gets to interpret
15 these kinds of things -- is that, I mean, if your plants
16 were making these specialized tires and you knew, "We're not
17 going to exceed 15,000," and this is on plans, it is a
18 specialized thing that is only used in this racing circuit,
19 or something like that, then basic and straightforward. But
20 on the other hand, I have a feeling that, when you produce a
21 tire, you have a pretty good understanding of the size of
22 the market you are after in your production goals. So this
23 is a judgment you are going to make. So what is on the line
24 here? A thousand dollars worth of testing? Not that big a
25 deal. Okay? If you would think that there is a judgment

1 that needs to be made here, then I would expect that you
2 folks would call us up and say, "Hey, look, we have got this
3 dilemma and we do not know about how to properly report this
4 or not. Help me with understanding it. Here is our circuit
5 standards." But otherwise, you know, I am trying to get
6 this very practical real world, here is the way I would
7 approach it. Here is the way I would approach it. Frankly,
8 I do not know why this provision was built in, and you guys
9 know better than me, is there such a tire that somebody
10 produces 15,000 or less of them? What the heck use is that?
11 Who applies that tire? Where? I mean, has anybody got an
12 example? Because I often wondered that. Give me an example
13 of one of these -- is this some exotic tire for which there
14 is only 1,000 vehicles that exist in the world, or something
15 like that? I do not have a clue. But I have seen this
16 language, by the way, before in other tire-related
17 regulations and stuff. So it has some source that comes
18 before use here at the Energy Commission. It was not our
19 language. My understanding, the source was the industry.
20 It was not our language.

21 Okay, I am going to deal with a point, bullet 1 up
22 here again. I hope I clarified that. We will accept data
23 on a continuous basis, okay? So if you submit data on July
24 1, it will automatically be processed and will, if it is
25 accepted as complete, it will go straight into the database

1 that exists in the number that it is now, so if it falls
2 within the 15 percent that exists in that database you
3 submitted, that is where it will be placed. Come January --
4 I think I said 15th in the regulation -- that is when we
5 reassess, now, what is the lowest tire, which falls in the
6 top 15 percent, and then we establish for that year, now,
7 this new listing of fuel efficient tires. But we will
8 accept data on a continuous basis.

9 MR. OKIHISA: Tom Okihisa with Toyo Tires.
10 Regarding the annual, I guess, reassessment, or
11 reevaluation, I mean, realistically that is pretty frequent
12 if you consider the tire retailers are trying to keep up
13 with those updates. Is there any consideration that maybe
14 that would be done in a longer time span, you know, a couple
15 years, or so forth?

16 MR. TUVELL: Yeah, well, that is an interesting
17 one because let's talk for a minute, then, about how we
18 envision that level of detail of the program working. It is
19 my general understanding that, for tire retailers, that
20 there are only a handful of companies that produce the
21 software that has the data that the tire retailers use.
22 Okay? Some tire retailers produce their own data. So what
23 we would see here is probably, in the practical world, we
24 are going to get in contact, and they are going to know who
25 we are, that we have this data, that we do this process, and

1 we are just going to download this to them and say, "Put
2 it in your new software that you now use at Les Schwab, or
3 at Discount Tire, or at Wal-Mart," they will have immediate
4 access to it, and then the relationship that they have with
5 whatever retailers use their software. Now, so as to your
6 question in this frequency thing, I will be frank with you,
7 I have not had that level of discussion with the software
8 side of the industry as to how do you accommodate -- and I
9 need to, and I want to as we progress because, first and
10 foremost, I would love to know the format they would like
11 this in, because I want to create all this database in a
12 format that is common and easily accessible to everybody, so
13 you want it in Access, great. You want it in Excel? Great.
14 Because I want you to be able to not only submit it to us in
15 a form that is convenient to you and efficient for you to
16 deal with, but I want the people who use this and want to
17 download it, I want it to be in a form that they can just
18 have it and run with it, so that that side of it is pretty
19 much electronic, and pretty much efficient. They just drop
20 it into their software. And, as you know, some of these
21 retailers now used web-based software, so it is not as if
22 they have to create new disks and send them out to all their
23 customers. There is a central computer sitting in Indiana
24 with all of this stuff in it, and they just automatically
25 update it, and everybody who uses it, it is automatic. It's

1 wham. So I have not walked through the detail with the
2 actual participants in that side of the industry, but I
3 always envision that is going to be simple and that is how
4 it would work. Go ahead, Tim.

5 MR. ROBINSON: Okay, thanks, Ray. Again, Tim
6 Robinson from Bridgestone. Ray, reading the draft proposal,
7 whenever there is a change to a product, or whenever, for
8 example, you audit a product, what will be the method you
9 use to determine what is -- is a change statistically
10 significantly different? Has the staff determined what
11 process they will use? And will you make that available to
12 us so we can determine whether we think it is statistically
13 viable?

14 MR. TUVELL: Oh, I see, okay. So we or somebody
15 does some testing and we end up with some data that is not
16 consistent with what --

17 MR. ROBINSON: Well, it is off by -- yeah, we
18 submit our number, our average, and our two -- winds up to
19 be 10 pounds. And then you get some tires, and you audit
20 them, and it is 10.2, or 9.8.

21 MR. TUVELL: I see.

22 MR. ROBINSON: So how will you determine what is
23 different? Will you use a statistical analysis of variance?
24 Or what will be your process?

1 MR. TUVELL: Okay, I mean, that is a fair
2 question. I do not have an answer for you on that one, but
3 let me give it some thought. I think that would be a good
4 addition to the regulations.

5 MR. ROBINSON: And that will be then made
6 available to us for comment?

7 MR. TUVELL: Oh, yeah, absolutely.

8 MR. ROBINSON: Okay, thank you.

9 MR. OKIHISA: Tom Okihisa, Toyo Tires. Somewhat
10 follow-up to what Tim from Bridgestone had just mentioned.
11 With regards to when tires are periodically inspected, the
12 current draft says that it is only one tire that is going to
13 be measured. I guess -- would there be any -- I think it
14 would make more sense if you also measured three tires so
15 that the data, or result that you get, is the same as the
16 three samples that the manufacturer has to measure.

17 MR. TUVELL: Sure, yeah. Let me clarify that
18 because I can see where we may have created some confusion.
19 In the regulation, I am trying to make a distinction between
20 inspections of tires vs. testing of tires. And as two
21 separate processes that we would use to determine
22 compliance. So if we went out and just grabbed a tire and
23 read off of it the information that is printed on the side,
24 that would be the inspection. And if we thought, "Gee, the
25 UTQG codes that you are claiming for this tire is completely

1 different than what is in our database," then that
2 inspection of one tire would be sufficient for us to say,
3 "No good." On the other hand, all rolling resistance
4 questions and issues would be a sample size of three tires
5 for us. We would get three tires, we would test them, and
6 that is the basis we would use of whether or not there is a
7 problem with the rolling resistance data. So two separate,
8 you know, enforcement compliance steps. And I am glad you
9 brought that up because I can see where the confusion may
10 come on that one. Yeah, okay, the list -- I hope you
11 understand basic and straightforward -- it has both
12 positives and negatives. The updating of the list is
13 positive in that, as better technology comes out, it is
14 going to drive the list, which we think is very positive.
15 Clearly, those tires that were within 15 percent and are no
16 longer, yeah. And I have a feeling, though, I mean, it is
17 hard to -- I wonder, you know, if this goes forward and this
18 actually is operating in the marketplace, exactly what
19 happens, you know, five years in, or 10 years in. I think
20 people are going to be pretty -- the tire manufacturers are
21 going to get pretty darn savvy about where their tires fit,
22 and what is going on, the evolution in the industry, and
23 which tires they do want to position within the 15 percent,
24 and which tires they are willing to say, no, that will never
25 be within 15 percent, it is a whole different marketplace,

1 and who cares, because people who buy those tires do not
2 care about fuel efficiency. And so I think this is going to
3 be an evolving thing. I think, yes, clearly, if you are
4 manufacturing tires with your goal of, "I want them to be in
5 that top 15 percent, why in the heck -- what happened with
6 my competition, it just fell out?" I hope that inspires you
7 to work harder to produce a product that will fall within
8 the 15 percent. Turn, remanufacture, turn around and submit
9 new data. And that is the positive side of this system that
10 we are trying to devise, that is the positive side of the
11 system we are trying to devise. But it will all be
12 transparent and it is like no surprise.

13 Let me talk a little bit about -- I mean, this is
14 a real important point -- this incorrect or unsafe tire
15 selections because, you know, I have heard this and I am
16 sensitive to this, I am really sensitive to this part. All
17 we are attempting to do here is get this new metric of fuel
18 efficiency of tires into the marketplace in a way that the
19 market can use it -- sellers, buyers -- to give
20 consideration to that if they choose to, that is all. It is
21 an additional piece of information that they already have
22 now relative to all the other information that is out there.
23 So when I see this stuff about unsafe tires, my first
24 question is this, if there exists an unsafe tire in the
25 marketplace right now, will somebody raise their hand so I

1 can notify the appropriate authority and we can get this
2 thing pulled out of the marketplace? Because there is
3 certainly nothing I am intending to do with my program that
4 is for the marketing of unsafe tires. So if you know of a
5 tire that is unsafe, let us all know, and let's get the
6 appropriate authorities working on it. Now, if you are
7 saying, on the other hand, that there is a situation where
8 somebody either purchased or would have been sold to them a
9 tire that is completely inappropriate for the use on their
10 vehicle, I would say, well, how is that different than what
11 exists right now? How is that different than what exists
12 right now? I understand there is liability issues
13 associated with that. You know, if my tire dealer sells me
14 a tire that is completely inappropriate for use on my
15 vehicle, he has created a problem for himself and for me.
16 How could that have possibly happened? How could that have
17 possibly happened? Go ahead, Mike.

18 MR. WISCHHUSEN: Thank you. Mike Wischhusen,
19 Michelin North America. The comment was not that any tire
20 by itself is unsafe, what is unsafe is the application of a
21 tire to a vehicle if it is not an appropriate tire for that
22 vehicle. That can happen today, but when consumers are
23 relying on retailers to give them information, the retailers
24 have the liability issues, and they will not make that
25 recommendation. The fear is that consumers will be driven

1 by a piece of information when it is the only piece of
2 information that they have, and they will not make all the
3 other considerations that the retailer would make for them.
4 That is the concern. The industry does not market unsafe
5 tires, we are not making any claim that unsafe tires are out
6 there. We do not want to put people in a situation where
7 they receive a piece of information that may lead them to
8 make an unsafe decision, and make an unsafe match.

9 MR. TUVELL: Okay, very good. I mean, I think
10 this is a good point. I mean, I think you guys bring up a
11 good point. And here is the way I sort of look at it
12 because other people have mentioned this to me, too. Is
13 there some fear that if, in fact, people did -- consumers
14 did focus on fuel efficient tires as a priority, could then
15 end up compromising other important qualities in tires for
16 their vehicle, and that the safety issue being the proxy for
17 stopping distance, what stopping distance, in particular?
18 These tires do not stop nearly as well as tires that are not
19 maximized for fuel efficiency. And here is where I think we
20 need to start thinking down the road of, when we start
21 introducing this cause of the fuel efficiency tires in the
22 marketplace, should we also create a nice basic education
23 piece so that consumers can have the proper expectations and
24 understand some of the trade-offs that they make? The
25 original way it was characterized to me is that we do not

1 want people -- consumers to get the wrong expectation,
2 that if you buy a fuel efficient tire, then, guess what?
3 Your vehicle does not use fuel anymore. Yeah, this is the
4 greatest thing in the world. Well, maybe we need to do a
5 better job when we introduce the program to say, "Here is
6 what your expectation should be on fuel efficiency
7 improvements, so you know." And we need to also tell them
8 it does not matter if you buy a fuel efficient tire if you
9 do not keep it inflated. We need to also tell them that,
10 hey, guess what? If you are comparing this new fuel
11 efficient tire that you purchased against the fuel
12 efficiency you were getting on this tire you just took off,
13 that, by the way, did not have any tread on it anymore, you
14 are comparing apples and oranges. I mean, that tire without
15 any tread may have some marvelous low rolling resistance, so
16 you cannot compare apples and oranges, you cannot be doing
17 that. So I think -- and so this matter of looking for
18 potential trade-offs, you know, now I think that the dilemma
19 that I have here, and I know that this is one that NHTSA
20 struggles with, frankly, is how do you advise a consumer to
21 make decisions on wet traction on tires? So if we were to
22 say, well, you know, something about low rolling resistance
23 tires, you may be trading off wet traction. How do we
24 advise consumers, then, to make an informed decision on
25 that? Is there enough information in the marketplace to do

1 that? I know Gene Peterson at *Consumer Reports* is very
2 concerned about that, too. And I said, "Gene, I understand.
3 I think I share the sympathy. But short of having your test
4 data, which I think is high quality stuff in *Consumer*
5 *Reports*, I do not know where consumers get that information
6 right now. I do not know where they get it right now. But
7 I can see that we may be elevating that issue if the focus
8 on low rolling resistance tires does in fact take off, and
9 we should take the initiative to address it right from the
10 beginning, to create the proper expectation with consumers.
11 So I hear you loud and clear about that. The worst thing in
12 the world is for us to somehow come up with a program that
13 somehow encourages or enables people to make bad decisions,
14 especially in sacrificing safety.

15 Let me just say one great thing about RRF vs. RRC
16 that is on this graph, too. We heard loud and clear, and
17 understand loud and clear the claims you are making with
18 RRC. We simply do not have enough information on RRC to
19 have a level of comfort with it is what it boils down to.
20 The claim that RRC is a constant for a tire, or darn close
21 to a constant for a tire, as we discussed at the April 8th
22 workshop, basically requires you to get access to gain post
23 69 multipoint data that you can then do some regression
24 analysis of different loads to see how, in fact, RRC varies.
25 Well, until you guys presented that data, I have never seen

1 it before. I have no level of comfort on potential
2 variation on RRC from different tires. I am pretty darn
3 convinced it is not a constant, but I do not know the extent
4 of which it varies, and I just do not have comfort with it.
5 There is not enough information for us to analyze at this
6 point to have a level of comfort on RRC. I wish it was the
7 opposite. I think -- and maybe -- the concept that there is
8 a method that is a constant for a tire, and you can compare
9 all tires against each other, I mean, Nirvana. I would love
10 such a thing to exist. I just -- I do not see the data that
11 gives me that assurance yet. And I personally do not think
12 it is there. I personally do not think it is there. I
13 would love to see a lot more 1269 multi-point to prove this
14 out one way or the other. But I have not had it and to my
15 understanding, it is not in the public domain.

16 MR. WISCHHUSEN: To correct an error rate, you do
17 not need J69 multi-point data. You simply round to J69 --
18 J1269 -- the ISO, the 28580 single-point test at different
19 conditions. There is no multi-point data on either. You
20 want to do more research, have more tests done, have it done
21 at different conditions. And Tim has already provided the
22 data in the April 8th workshop; you will duplicate what he
23 has already presented to you, and is already in the record.
24 The data is there.

1 MR. TUVELL: Yeah. I appreciate what you are
2 saying. Here was the dilemma that we had. If you recall at
3 the April 8th workshop when Tim presented the data, I
4 specifically asked him was it J1269 multi-point, or was it
5 J1269 tested in different loads. And the response was it
6 was J1269 multi-point. Now, that did not surprise me
7 because, in fact, it is my understanding that that is the
8 only approved and acknowledged test protocol for testing
9 types of different loads. So, in fact, if somebody did want
10 to take 1269 or 28580 and test tires at different loads that
11 are specified in either 1269 or 28580, then they are going
12 to carry the burden of proving the validity of that data
13 because the test protocol does not recognize the ability to
14 do that.

15 MR. ROBINSON: Ray, Tim Robinson again from
16 Bridgestone. The lot I did was based on the J1269 multi-
17 point tests, but to confirm linearity of the Rolling
18 Resistance Coefficient, within the normal -- I would say --
19 100 percent usage of what tires you see today in the
20 marketplace between 15 and 100 percent of the rated load, we
21 conducted single-point tests at various load conditions to
22 confirm that. So we actually use two methods, the J1269
23 multi-point test, and then the J1269 single-point test at
24 various loads throughout the 50-100 percent range.

1 MR. TUVELL: Okay, well, and if you recall,
2 though, I had asked you previously on the date on April 8th,
3 if it was multi-point or not, and so this is the first time
4 I was aware that such other data existed.

5 MR. ROBINSON: Yeah, the graphs I showed you were
6 based on multi-point regression, but to confirm that, we
7 also made several measurements using a single-point method
8 at various radial loads.

9 MR. TUVELL: Yeah, and I think that is the way to
10 go to research this, frankly.

11 MR. ROBINSON: Right.

12 MR. TUVELL: But I think that our dilemma is that,
13 if this is the narrative in dispute, then you have got this
14 problem of "we have got to use this test protocol that
15 exists, or then people attack the test protocol." You see?
16 That was the point I was trying to make here. And the other
17 one is, we do not have, at this point, access to hardly any
18 data in the public domain that addresses this issue of
19 variance of RRC over loads to determine whether or not we
20 could have any level of comfort in the basic claim that it
21 is a constant, or darn near constant for tires. We just do
22 not have the comfort because we have not seen the data.

23 MR. ROBINSON: Okay.

24 MR. TUVELL: There must be some confusion about
25 reversing the order of the steps required. By reporting the

1 test data through the Commission, you know, the
2 implementation of 884 vs. the implementation of the program
3 is two different things. And we are following step-by-step
4 exactly what 884 said. We got all the databases available
5 to us, we used every one in the public domain. And we
6 studied it in some depth. With that knowledge, we then went
7 out to the marketplace to see how the marketplace operates.
8 With that combined knowledge, then, we developed a rating
9 system that we think would work, plus the more detailed data
10 for people who want to do research. Based on that, we then
11 developed the reporting requirements, exactly the sequence
12 that we understand 844 to require us to do. Implementation
13 of the program, then, however requires that you submit the
14 data, then that we then use to meet the criteria within the
15 program and the program is implemented. So I think there
16 may be some confusion here on two different things, at least
17 that is how I read this.

18 MS. NORBERG: Okay, so you are saying -- Tracey
19 Norberg from the Rubber Manufacturers Association -- you are
20 saying that there have been test procedures adopted by the
21 Commission?

22 MR. TUVELL: Oh, no. Let me clarify this. We
23 always envisioned at the Commission that the adoption
24 process was separate from the development of the program
25 concept process.

1 MS. NORBERG: Okay, so you are saying that you
2 have a separate guidepost beyond 844, then?

3 MR. TUVELL: No, I --

4 MS. NORBERG: Okay, I find this section 25771 of
5 844, Section A, say: "A database of the energy efficiency
6 of a representative sample of the replacement tires sold in
7 the state, based on tax procedures adopted by the
8 Commission," so there is a requirement for the Commission to
9 adopt test procedures, and then for that database to be
10 based on those test procedures. When were those test
11 procedures adopted?

12 MR. TUVELL: No, we have not done any adoptions
13 yet.

14 MS. NORBERG: Okay, and so do you have any
15 representative sample of the replacement tires sold in the
16 state and a database based on those test procedures?

17 MR. TUVELL: Well, we -- I thought I made it very
18 clear in our presentation this morning that we used every
19 database in the public domain --

20 MS. NORBERG: And were they based on test
21 procedures adopted by the Commission?

22 MR. TUVELL: Let me finish, please. Will you
23 allow me to finish, please? We used every database that was
24 in the public domain. The database that you submitted to us
25 on April 22nd specifically said that it covers 90 percent of

1 the marketplace. NHTSA, in their test of the different
2 test protocols said all test protocols could be correlated
3 against each other, okay? The 28580 test protocol, which is
4 not yet finalized, it will be in August or October, is the
5 only test protocol with the necessary provision that deals
6 with the machine bias, in particular. It is my
7 understanding that RMA and the Energy Commission both agreed
8 28580 is the test protocol to use. We believe that you can
9 take all of the databases that exist in the public domain
10 and, since they can be correlated as proven by NHTSA, you
11 can convert that data to any test protocol you would like.
12 So this matter of, is any of the data in the database in the
13 public domain invalid, or cannot be used for the purposes of
14 our program, we are saying no possible way. As to the
15 adoption steps vs. the development of the program step, let
16 me clarify that. Okay? We proceeded in development of this
17 program just as we do all the rest of it. The staff looked
18 at all of the different components, investigated all the
19 components, tried to see if we could develop one concept
20 that comes together and could be real, and we see that in
21 the end, "Yeah, we got it now," we see all these different
22 components. And then what our intention is, is very basic
23 and straightforward, we will go to our Commissioners and say
24 we want you to adopt each of these provisions in the order
25 specified in 844. So we will go to our Commissioners and

1 say, "Adopt the test protocols. Now, adopt the database.
2 Now adopt the rating system. Now adopt the reporting
3 requirements."

4 MS. NORBERG: Okay. That is interesting. Now, so
5 you are telling me that there is a requirement somewhere for
6 you to look at the real -- I am sorry, I missed the exact
7 quote, what is really going on, I fail to see that in the
8 statute.

9 MR. TUVELL: What is really going on?

10 MS. NORBERG: Yeah, I do not see where that is.

11 MR. TUVELL: I do not recall myself saying that.

12 MS. NORBERG: You said you looked at the world and
13 everything and then -- I just am not seeing that in the
14 statute. The statute is fairly clear, it says, "A database
15 of the energy efficiency of a representative sample of the
16 replacement tires sold in the state, based on test
17 procedures adopted by the Commission," and then it says --
18 asks you, then, to take that data, collect it pursuant to
19 that section, and develop a rating system of consumer tires
20 -- or replacement tires sold in the state.

21 MR. TUVELL: What I --

22 MS. NORBERG: And so I guess, first of all, it
23 seems that we need the database and a test method, and then
24 we need a rating system based on that database and test
25 method. And --

1 MR. TUVELL: What -- what --

2 MS. NORBERG: -- hold on, hold on. But the
3 question here is, can you show us how that rating system
4 that you have proposed is based on a database? I do not see
5 the connection between --

6 MR. TUVELL: Well, I think you have asked a number
7 of questions and I think I have explained them.

8 MS. NORBERG: No, I have not heard the answer to
9 how your -- how is your 15 percent of the best -- of the
10 collected data that is required in Section C, that asks you
11 to collect database on the test procedures and the rating
12 system, that that -- so you are basing your actual rating
13 system on the data you collect in C. How is the rating
14 system that you are proposing based on that representative
15 database?

16 MR. TUVELL: Okay, let me explain again because I
17 thought I did explain, and I will go slowly now and you
18 point out where I am saying something that is confusing. We
19 got access to every database that we understand exists in
20 the public domain, including the one you submitted to us on
21 April 22nd, that said that it covers -- represents 90 percent
22 of the marketplace.

23 MS. NORBERG: Yeah, I understand that. What I am
24 asking is the next step.

1 MR. TUVELL: So we looked at that as going,
2 "Hmm, that was sort of representative plus...", and then we
3 took all of the databases and I showed them in my
4 presentation today, and we looked at all that data, and we
5 considered all that data to understand what is -- how do you
6 look at the energy efficiency of tires? What seems to be
7 the trends here? You know, is there any relationship to
8 weight? I hear -- I mean, you guys, I gave you very early
9 on the Smithers analysis of the work they did in that area,
10 so you guys could see -- so we understood all that and we
11 said, "Okay, good, we have got a clear understanding of the
12 databases, now let's go out as a staff and see how you
13 translate that information into a rating system."

14 MS. NORBERG: And how is that information in your
15 rating system? We do not see any numbers based on that
16 database in the rating system. Maybe you can clarify that
17 point.

18 MR. TUVELL: I do not understand.

19 MS. NORBERG: When I read Section B, it asks you
20 to base the rating system on the data collected in the
21 database.

22 MR. TUVELL: Okay, well, let's see what we can do
23 about that. Well, I will give my morning presentation if
24 you want.

25 MS. NORBERG: We heard your morning presentation.

1 MR. TUVELL: Well, I adjusted these things and I
2 will adjust them again, I have no problem with doing that.

3 MS. NORBERG: No, if you are going to regurgitate
4 this morning's presentation, we can review that, I do not
5 think we need to see that again.

6 MR. TUVELL: Well, it is apparent to me that there
7 may be some confusion. I probably did a bad job this
8 morning of presenting this, and so let me do it again.
9 Okay? So I talked about the sequencing. Let's go back to
10 sequencing. We looked at the test methodologies, okay? And
11 we looked at all five of them and we looked at the most
12 authoritative work and the comparison of test methodologies
13 that we understand exist, and it was NHTSA.

14 MS. NORBERG: Yeah, I appreciate this, but --

15 MR. TUVELL: And we looked at that and we said
16 28580 is the way to go and we understand the industry agrees
17 with that, I think that is fabulous. Okay? And then we did
18 scope, we are not talking about that, let's go on. Ah,
19 okay, here we go, you are asking apparently which databases
20 that we used. We used every one of these.

21 MS. NORBERG: No, that is not what I am asking. I
22 am asking how is your rating system based on this data.

23 MR. TUVELL: Okay, hold on a second. So let's go
24 to some examples that I put up earlier regarding -- so here
25 we go. We thought the -- after we looked at this and

1 started thinking seriously about the preferred rating
2 system is going to be one that compares all light tires
3 against each other, that the two databases in particular
4 that were most useful in this area was our comprehensive
5 195s and our comprehensive 265s. And that is what you see
6 here, okay? So these are the two databases where we started
7 looking at where is the 15 percent, and how and what does
8 that mean, okay? And we started applying it that way. Now,
9 I have other data, by the way, that I did not put in this
10 presentation where we took your database and we did some 15
11 percent cut-off levels. Now, the problem is, in many cases,
12 your databases only had single points for different sizes.
13 So we could not take it, then, and say, "Well, how many
14 tires fit within 15 percent?" Okay? And we did it by
15 manufacturer, and we did it every way we could cut to see,
16 do we have enough here, what can it tell us, what can it
17 tell us? So I mean, I can assure you that there was
18 substantial analysis of data going on behind the scenes that
19 was not in this presentation today. But I also want to make
20 it clear to you, if I did not make it clear already, we used
21 every database that exists. If somebody is claiming that
22 they are insufficient and there should have been more
23 testing done, somebody help me. I --

24 MS. NORBERG: No, that is not what I am claiming.
25 I am just looking at the statute and the requirements in the

1 statute, and I just needed some clarification on how you
2 were interpreting them.

3 MR. TUVELL: Yeah, so this is the best example I
4 have here readily available. I have that also for the 265s,
5 here we go, I did not show that earlier. Here is the 265s,
6 here are the top 15 percent within the mean, here is the top
7 15 percent within the mean plus two standard deviations.
8 And so we tried doing this with every dataset that we had.
9 It is just it turns out that the best application of this
10 has been extensive datasets. Such is life when you have,
11 you know, these are the only datasets that you have to deal
12 with. But, yeah, that is clearly what we did. We took the
13 datasets that applied the proposed rating system methodology
14 to it, to see what it could tell us.

15 MS. NORBERG: So you basically used the database
16 as a way to test or something.

17 MR. TUVELL: We tried to do it every way we
18 possibly could. I mean, you were involved in some of our
19 original presentations. We tried to determine whether or
20 not rolling resistance had any direct correlations with
21 weight, did it have any direct correlations with dye -- we
22 did every type of analysis we think we could possibly do to
23 make sense of it, and in trying to envision and devise a
24 rating system and program. And this is where it ended up
25 taking us. Okay? And so, then, after we analyzed the data

1 and then we go out to the marketplace and say how do we
2 translate this technical understanding with what is going on
3 into a consumer friendly marketplace concept, that is when
4 we started getting the feedback of got to make it simple. I
5 mean, I will tell you right at the top, my original vision
6 was, "Oh, we're going to develop a calculator, we will come
7 in and develop a Michelin-type calculator that has caused so
8 much turmoil in the industry, and this will work, this
9 calculator will work!" But the minute we started talking
10 about that with retailers and consumers, they were saying,
11 "You've got to be kidding me. That is too complicated.
12 This isn't how this marketplace works. Simple or get the
13 heck out of here." And it was an awakening for us. We were
14 going, "Holy crap! Did we miss it." You know? And that is
15 when we started going, yeah, simplicity is the key here of
16 what can work. And so it was a matter of taking, again, the
17 knowledge we had, the information we had in the database,
18 and now milling it up with where the marketplace worked.
19 And then once we came to a fairly comfortable feeling about
20 that, then we say, okay, fine. Then what rolls after that
21 is the reporting requirement. And so we said, "Yep, this is
22 exactly consistent with the steps that 844 told us to do, do
23 it in this sequence." Except -- and I hope I am making it
24 clear -- is we always viewed the adoption steps to be the
25 formal process down the road, but the analysis and

1 development of the concepts, it was, yeah, if you could do
2 all the developed concepts all the way through to the end,
3 and then when it comes to adoption, yeah, we will adopt it
4 exactly in the order that 844 says: we will adopt first the
5 test group, we will adopt the database, we will adopt the
6 rating system, and that will be followed by an adoption of
7 the reporting requirement. That is exactly what we intend
8 to do.

9 MS. NORBERG: Well, that helps clarify your
10 reason.

11 MR. TUVELL: Thank you.

12 MS. NORBERG: I think you did mention that there
13 was a survey of retailers. Is that something that we could
14 -- that could be made available to --

15 MR. TUVELL: No, I never said -- I do not believe
16 I ever said survey, I mean --

17 MS. NORBERG: Yeah, that was mentioned this
18 morning and it would be helpful if we could.

19 MR. TUVELL: Okay, let's go back and see if --

20 MS. NORBERG: Yeah, I am not asking for that -- I
21 do not believe it was in the presentation, I think it was in
22 your oral remarks and we would be interested in getting --

23 MR. TUVELL: Now let me clarify, no, I
24 specifically have avoided use of the term "survey", I hope.
25 If I did say "survey," it was a mistake. We did not do a

1 [quote] "survey" as people understand surveys to be. We
2 put in numerous phone calls, talked to numerous people,
3 okay? I talked to all the major tire retailers that I know
4 exist, and everybody else associated with that side of the
5 industry, as well as consumers. But it is principally a lot
6 of discussions, plus you were at the November Roundtable,
7 you know the basic study that the students did. Okay? And
8 the discussion that ensued at that roundtable. So you were
9 privy to a lot of the information that was provided to us
10 from the consumer-retailer perspective that ends up
11 influencing our decision.

12 MS. NORBERG: Are you planning any public
13 workshops on that topic, to test what might be most
14 appropriate to get consumers, to educate them?

15 MR. TUVELL: No.

16 MS. NORBERG: Okay. At this point, maybe it would
17 be helpful, as I asked a little while ago for us to
18 understand better your timeline moving forward, so that we
19 know what are the next steps in the process?

20 MR. TUVELL: Sure. And I hope we do not end on
21 that because I still wanted to complete going through your
22 folks presentation and touch on some other issues. So here
23 is the process. After today's meeting, I will be meeting
24 with the Transportation Policy Committee, which is Karen
25 Douglas and Jim Boyd, who unfortunately would not be here

1 today, and asking them for policy direction -- what steps
2 would they like us to do in moving forward. If they hear
3 anything at this workshop that suggests to us additional
4 information they would like us to develop, or solicit, or
5 changes they would like us to make, or any direction they
6 would like us to head specifically, and until I hear
7 specifically from them as to the direction they would want
8 us to intend to go, I could not tell you exactly what steps
9 are out there. It would only be speculation. I mean, we --
10 at this point, just different scenario -- "Well, what if
11 they say this, what if they say that?" But the other basic
12 and perfunctory steps would certainly be on the sub-schedule
13 out there. Yeah, ultimately we would have to go to a full
14 Commission meeting for the adoption steps. Somewhere in
15 that sequence, we have to develop the initial stake and the
16 reasons that would ultimately have to be submitted to the
17 Office of Administrative Law as a part of the Rules and
18 Regulations process, and I would encourage you to go to the
19 Office of Administrative Law website, which specifies in
20 detail the process that they require us to step through. I
21 am not good at describing that, you will get better
22 information if you go there. So we must follow that
23 process. So there is the basic outline, but the timing and
24 the sequencing, I am going to be waiting for direction from
25 my Commissioners on that.

1 MS. NORBERG: Okay, and then maybe for a little
2 bit more clarification in terms of timing and schedule, this
3 meeting today, well, there will be a transcript forthcoming?
4 And what is the timing on that?

5 MR. TUVELL: Gee, do you have a sense of -- we are
6 normally able to get commitments -- it is a matter of how
7 busy they are.

8 MS. NORBERG: Okay --

9 MR. TUVELL: We have seen them as fast as two
10 weeks, we have seen them stretch out to three to four weeks.

11 MS. NORBERG: Okay. Since this is a proposal that
12 is of particular significance to the tire industry, we would
13 request that the comments be accepted past the time --
14 within a reasonable time after the transcript is made
15 available, so that we can provide comments with the benefit
16 of reviewing the transcript, as well. And we would request
17 that that consideration be made to that request in looking
18 at the two week comment period after this meeting.

19 MR. TUVELL: Absolutely. And I think your request
20 is totally legitimate. I will bring that to the attention
21 of the Commissioners. They make that decision.

22 MS. NORBERG: Okay. And we would also request --
23 thank you -- we would also request that the timing of the
24 committee meeting to discuss next steps and policy
25 direction, if possible, that there is an opportunity for our

1 comments to be considered in that process and to allow
2 that administration process to go through.

3 MR. TUVELL: Well, okay, let's clarify that for a
4 second. Of course, the Commission committee meetings are
5 not publicly open meetings. But certainly everything you
6 submit is in the docket and is in the record, and the
7 Commissioners get notification every time that stuff shows
8 up in our docket, and they have direct access to it.

9 MS. NORBERG: Yeah --

10 MR. TUVELL: I cannot say, "Okay, now you look at
11 this document and you do it now because Tracey asked me."

12 MS. NORBERG: And to clarify, that is not what I
13 am asking, of course, you know, with deference to the
14 Commissioners, we would just like the opportunity for our
15 comments that we submit for the record following this
16 hearing to be able to be available for their deliberation at
17 the committee meeting where they discuss next steps and
18 policy direction, for everyone to look at in the meeting
19 happening next week.

20 MR. TUVELL: Well, I mean, I can just give you
21 that sequence. I mean, I have a feeling that I am going to
22 be called in to a briefing for them very soon because
23 normally that is what happens, they want to talk right after
24 these workshops. And I say, great, here is our deal now.
25 And so any comments that come after that, they take into

1 consideration in due course. But I cannot assure you of
2 that A-B sequencing.

3 MS. NORBERG: Yeah, and I understand that and, of
4 course, appreciate that. I think just for the record, we
5 would like the opportunity for our comments to be available
6 to the Commissioners as they deliberate and would like the
7 timing to accommodate the industry's views, particularly
8 since the tire manufacturing industry is the main affected
9 industry in this whole process.

10 MR. TUVELL: Okay. I do want to stress one thing,
11 and I hope you recognize that, I mean, when we discuss with
12 the Commissioners for this workshop, they specifically
13 requested that you folks present -- give the presentation
14 you gave today, to present your perspective, because they
15 wanted to know -- tell us what you want and tell us now. So
16 I hope you were not holding back anything from this morning
17 that you wanted to let them know because I think, to a large
18 degree, they walked away saying, "We heard everything that
19 RMA wanted to present on this." Now, short of any
20 additional comments specific to stuff here, I mean,
21 everybody is going to consider everything you say, but I do
22 want to stress, and I believe there is a high level of
23 importance to this workshop and significance in the
24 Commission's requesting that RMA give a presentation today.

1 MS. NORBERG: Well, we recognize that and we
2 certainly appreciate the opportunity, but I think, in all
3 public discourse, there is always questions that come up
4 during the course of the meeting, and opportunities for
5 clarification once the dialogue has begun, and we just want
6 to be able to complete the administrative process that is
7 set out following this hearing, and be able to have that
8 considered so that we are all in complete understanding of
9 each other's views.

10 MR. TUVELL: Great, yeah. And that is the way
11 everybody wants it. And certainly, I mean, I would hope
12 that we can use the additional time available right now,
13 too, to do any of that clarification because we do not often
14 get to have these dialogues.

15 MS. NORBERG: I think that we all have different
16 policy views and, obviously, it is interesting to discuss
17 those differences, but I do also appreciate the opportunity
18 to be able to submit comments.

19 MR. TUVELL: Absolutely. Absolutely. And you do
20 not have to have deadlines to submit comments. Submit
21 comments tomorrow, the next day, the next day, get them on
22 the docket. We get them all the time. Do not feel that
23 there was -- I mean, we had a deadline we asked for with
24 this, I am going to take your request forward, but continue
25 to submit comments, do not feel like there is any limitation

1 on your ability to do that. I would like to -- do you
2 have a question? I saw you heading in this direction.
3 Okay, I am going to continue going through some of this
4 stuff here, then. So I hope we clarified, I mean, this
5 matter of the order of stuff. I mean, we tried every step
6 of the way, I mean, we need to follow these steps. Now,
7 maybe we had a different understanding of the processes and
8 procedures and how to go about doing that, but you know, we
9 have had this discussion time and time again within the
10 Commission, and the Commissioners have asked, "Are you
11 following the steps?" "Yes, we are following the steps."
12 Yeah, I think I answered the question about waiting for full
13 data available, no, we never envisioned waiting until our
14 proposed deadline of July 1 or July 15th of 2011, I think is
15 the date. "We are going to wait until then to release
16 this." No. I mean, if we can prioritize and those popular
17 tires get then tested first, into our database, and get that
18 out there, we would love to do it. I think it is entirely
19 feasible. Entirely feasible.

20 MS. NORBERG: Just, again, Tracey Norberg for the
21 record, on that concept, as well, just factoring in
22 different errors in reporting deadlines or schedules that
23 you might be proposing, we would request that that be
24 included in the regulation so that manufacturers have
25 clarity and certainty as to what the reporting requirements

1 are. And also, in terms of clarification here, I think
2 the issue is that you might be able to provide data to
3 consumers early, but you may not be able to provide the
4 information about whether they have received the designation
5 as being fuel efficient early or not. And that is the main
6 criteria because, if we are going to change the marketplace,
7 that information needs to be available. I think, as you
8 have stated several times this morning, and again this
9 afternoon, that most consumers are not interested in rolling
10 resistance data itself, and that that will not be something
11 that is going to be dispositive in a consumer's purchasing
12 decision. And moreover, as we refer back to the
13 presentation that was made by Consumers Union back in April
14 at the April workshop, basically that the statement was
15 that, in the few cases where they provided test data to
16 consumers, that data was misused by consumers. And so I
17 think we all need to be very clear that if we provide
18 consumers with detailed information, the experts on consumer
19 data are telling us that that data would be misused by
20 consumers, and that is something that we need to be very
21 mindful.

22 MR. TUVELL: Yeah, yeah. Okay, I appreciate that.
23 I do not recall that comment, but it is certainly not in an
24 absolute way that the data would be misused. And
25 absolutely, all the concern about misuse of data -- and that

1 is why I mentioned that I think it is going to be
2 worthwhile when we start thinking about this step of getting
3 this information out there in the public domain. If we
4 think about possibly developing, you know, some little
5 education piece to set the proper expectations, and how it
6 can be used, and how it can be misused, because we certainly
7 do not want something like that to happen, without a doubt.
8 And you are absolutely right, there is room for this stuff
9 to be misused. This is pretty complicated stuff and I think
10 it can be easy for well meaning people to misuse it. I
11 agree. Some information earlier is better than more
12 information later, agreed. We talked about the exemptions.
13 Yeah, I never envisioned this to be a large data management
14 problem, you know, I mean, as I talked about earlier, this
15 is one where I really want to be able to sit down and talk
16 some details with you folks about, you know, what software
17 do you want to use to do this? Okay? Do you want to use
18 Access*? Do you want to use Excel? We will create the
19 template, you know, make it electronically available to you,
20 strictly be an e-mail back and forth thing, you would just
21 drop the data into the template, just drag, drop, boom,
22 done, e-mail, bam. We would set up on our side a great deal
23 of electronic quality control so that the computer itself
24 would determine in many cases is this an appropriate unit to
25 be in this box, for example, this could be only an 80 or a C

1 in this box, why does this 2 show up? Wham, rejected. So
2 there is a lot of stuff, and we know through sophistication
3 of magic databases that we can do to minimize the need for
4 staff resources. Ultimately, there will be eyes that are
5 applied to this, but, again, this is what we have had a lot
6 of experience, and in many cases, we find that it is totally
7 appropriate to use students to handle some of this basic
8 data quality control stuff. Now, I am not trying to
9 underestimate the extent of this database, yeah, it is going
10 to be big. Okay? But that is what databases are for. And
11 I think they do an excellent job of it. But, yeah, I am
12 really really interested in developing compatible databases
13 to ease that process. And the methodology for you folks to
14 get access to it. We will have to have security mechanisms,
15 absolutely, we do not want just anybody submitting data or
16 admitting access or changed data. We have thought that
17 stuff through, it is just a matter of implementation.

18 None of this information is reflected in the
19 proposed staff regulation. Well, I guess we are just going
20 to have to disagree on that. Man, without that information,
21 I would be nowhere. I used every piece of information that
22 I could get access to because that was our problem since Day
23 1, is so little information in the public domain. And I
24 will emphasize again, I mean, the data you submitted on
25 April 22nd was invaluable to us. You heard my perspective on

1 the Rolling Resistance Coefficient -- wish it would work,
2 wish I could have developed a load of confidence in it.

3 I am interested in seeing -- I mean, I really do
4 believe that -- I think Luke touched on it -- I mean, you
5 get this data out there, and I think there is going to be
6 some really creative people putting it to creative uses. I
7 think there is a heck of a lot more that can be done with
8 this data than I can ever envision. And I cannot wait to
9 see what some of these folks do with it. I know they are
10 already playing with it, frankly. You know?

11 MR. OKIHISA: Tom Okihisa with Toyo Tires. With
12 regards to the public information in the database, and I do
13 not know if this has already been discussed, so are you
14 going to be publishing the actual rolling resistance data
15 test results, or just whether it is fuel efficient or not
16 fuel efficient for the SKU?

17 MR. TUVELL: Every piece of data that we get will
18 be available to anybody that wants it.

19 MR. OKIHISA: So one other question with regards
20 to the exemption, the 15,000 where we report how many tires
21 we produced that year, that is typically considered
22 proprietary information, so that would also be available to
23 the public?

24 MR. TUVELL: Interesting point. I think that
25 would be -- that could be an opportunity for us to exercise

1 the authority we have dealing with proprietary stuff. I
2 am going to explore that with you. I think that is a
3 perfect potential use of that, you have got something there
4 you want to protect -- we have the information to exempt it
5 or seek that. We do not have to explain to people why or
6 necessarily share it because that is not what that part of
7 the database was intended for. It was just to answer the
8 question of "why don't we see this tire in the database if
9 somebody was asking?" Which is "it is exempt." We do not
10 necessarily have to share that with people, so I would like
11 to explore that one with you. Yeah, the deal is that -- I
12 think this is going to be interesting. I am looking at this
13 bullet. You know, looking at it from this perspective, at
14 this juncture in the development of the program, vs. how is
15 this going to look five years later when I look back on what
16 happened and how the program evolved, and how did
17 manufacturers react to it. I think there is going to be
18 some pretty savvy manufacturers out there who can do a
19 pretty decent job of predicting where they think the 15
20 percent cut-off level is going to be, and deciding, you
21 know, maybe calls for a decision, "These are products we
22 want to make sure that is in that 15 percent, and here is
23 how we are going to go about doing it." Because we have
24 seen it happen over and over again in standard development
25 related work. Okay? That people do not like to be on the

1 margin. They know how to identify what the margins are
2 going to be, and they will make steps to position
3 themselves. And I can envision over time that that is what
4 is going to happen. There is going to be some very savvy
5 reactions and responses by manufacturers in how to operate
6 within the realm of this program and what it all means.

7 We talked about that. You know, I tried to use in
8 my analysis what I thought was -- I mean, I basically
9 grabbed your \$20 million of total cost estimate, I do not
10 necessarily agree with the way you put the analysis
11 together, but I think my numbers were basically in that same
12 realm, to try to give people, you know, to try to say, you
13 know, what is the order of magnitude here. That is what we
14 are dealing with in these numbers. I mean, if we were
15 talking about, you know, hundreds of millions or billions of
16 dollars, it is going to get people's attention when we talk
17 about \$2 million or \$20 million, and a \$20 billion dollar a
18 year industry, I will let you decide how decision makers
19 weigh that.

20 No timeline -- I hope I have clarified the issue
21 of no timeline available for consumer information. You
22 know, it would not be our intention to put a provision in
23 the regulation that regulates the Energy Commission. I have
24 shared with you our desire to get the information out in a
25 useful form that is suited, if it is available. We think

1 about prioritizing the tire testing, we can go a step in
2 that direction, that would be our intention of pursuing
3 that, and I think -- I have got to look at my notes here --
4 so I think you folks have asked could we establish this
5 priority thing, sequencing thing, and writing in some way,
6 or give you a better indication of what that would look
7 like. Priority sequencing. No problem there, I can do that
8 -- even if it is offline.

9 MS. NORBERG: Yeah, I think the issue is that, if
10 you are going to require reporting of data prior to the
11 regulatory deadline, that that needs to be spelled out in
12 the regulatory --

13 MR. TUVELL: Oh, yeah, no, we were not intending
14 to require any.

15 MS. NORBERG: Okay, then if you are asking for it
16 early, that needs to be recognized, that it is voluntary,
17 and that consumer information would not be able to be
18 generated until that database would be complete on your 2011
19 date because if you are designing your baseline for each
20 yes/no question on each, is it efficient or not, you cannot
21 make that determination until your database is complete --

22 MR. TUVELL: Well, I am really pleased that you
23 qualified that.

24 MS. NORBERG: -- and that is the issue.

25 MR. TUVELL: Okay.

1 MS. NORBERG: Because at that point, early
2 reporting does not really help, as you have said, I think
3 you stated 90 percent of the consumers do not care about
4 detailed information, so for those 90 percent consumers,
5 even if data were available early, that would not be
6 educational for them.

7 MR. TUVELL: Yeah, and I am glad you brought that
8 clarification because, frankly, when I was looking at this
9 first bullet, I was thinking exactly the opposite, that you
10 were asking if there was a way to get this stuff out earlier
11 instead of waiting until the end, and I am saying, yeah, I
12 think we can, if you want to work with us on this. But if
13 you are saying, "Oh, no, no, it is exactly the opposite,"
14 you want to make sure that no data is released until there
15 is some complete thing and that you do prefer to wait until
16 it is a complete database --

17 MS. NORBERG: No, I think you are misunderstanding
18 what I am saying. Because of the design of your proposal,
19 you could not establish what the consumer information would
20 be until your database is complete because you are saying
21 that you need to be able to find out what the best in the
22 size is, and then take 1.15 from that best performance, and
23 so that could not be determined until your database is
24 complete. My point -- and the bullet there is speaking
25 specifically to consumer information -- which needs to be

1 distinguished from rolling resistance test data. Rolling
2 resistance test data is not consumer information, it is not
3 helpful to 90 percent of the consumers, I think, as you
4 stated this morning, and so I think we need to be very clear
5 about data vs. consumer information in our comments,
6 specifically is it in regards to consumer information when
7 you take the ratings structure that you have designed, and
8 then create a system to rate tires. And so it is a
9 distinction between data and consumer information.

10 MR. TUVELL: Let me just address that point. We
11 do not believe it is appropriate to make a distinction
12 between data and consumer information. I do not see, nor
13 agree with that distinction. I know plenty of geeky friends
14 that believe the most detailed data in the world is the
15 consumer information they want.

16 MS. NORBERG: Okay, but this morning, I think you
17 did state that 90 percent of consumers, that would not be
18 educational for them. So you are saying that 10 percent of
19 consumers get the information and not the other 90? I mean,
20 is that a public policy position of the Commission?

21 MR. TUVELL: I do not believe that is what I said,
22 so please do not put words in my mouth. What I am saying
23 is, I do not agree with the distinction you made that said
24 test data is -- I thought I heard you say -- test data is

1 not consumer information. And I am saying, no, I do not
2 agree with that at all.

3 MS. NORBERG: Okay, that is what we are saying and
4 that is our position. I am not trying to put words in your
5 mouth, I am simply stating our position and trying to
6 provide more information about the bullet point on the
7 screen, and what its directly speaking to.

8 MR. TUVELL: Thank you. Let me try to clarify one
9 point. When I talked about the potential of getting this
10 information out earlier, it was a result of the thinking
11 that was going through my mind that, if we were able to
12 establish a priority of testing, in other words, if we were
13 to say, "These are the tires we want you to test and report
14 on first, based on their popularity in the marketplace," and
15 then that way I could, in fact, get completed databases for
16 certain sized tires earlier than the complete database
17 itself, and under that type of thinking, I was thinking out
18 loud, "Well, maybe I could get data early to release early."
19 And so I was just thinking out loud because I thought I was
20 responding to your desire for that to happen.

21 MS. NORBERG: I think the approach that you are
22 suggesting, and the first time we heard that was this
23 afternoon, and we would just request that, if that is
24 something the Commission is pursuing, that it show up in the

1 actual regulatory tests vs. something that would be
2 handled in an informal manner.

3 MR. TUVELL: Sure, no, I hear that. Let me
4 mention also that, I mean, I think that if there is any
5 number of these initial implementation steps and issues that
6 I think are ripe for discussion and common understanding,
7 and then once you get over the initial stuff, then we get
8 into the overall operation of the program and that sort of
9 thing, these things go away and stuff, it does not surprise
10 me that -- and, in fact, I encourage these questions to come
11 up because this is my first opportunity in many cases to
12 talk about these in some detail and think them through
13 myself, frankly, and I think we both benefit from that.

14 By the way, as to the UTQG stuff, I mean, I would
15 love to see the analysis that gives UTQG credit for these
16 changes. That may be coincidence with UTQG, but I am not
17 aware of any analyses -- would love to have it.

18 MS. NORBERG: Yeah, this is all publicly available
19 information, and this is just the UTQG ratings for all the
20 data recorded, and it is over time.

21 MR. TUVELL: Oh, I thought -- yeah, well, what I
22 was saying is that I heard in the presentation essentially
23 what I thought was the claim that the UTQG system is the
24 credit for some of these trends, that once this information
25 got out there, the industry responded in this way. And I am

1 saying, well, that is very interesting, I have never seen
2 analysis done that concluded that. I think there are other
3 reasons why these things could happen, but to claim
4 specifically it is because of UTQG, I am not aware of any
5 such study that reaches those conclusions. So I am asking,
6 if I understood correctly the claims that were made this
7 morning, if you have those studies, that give UTQG credit
8 for these changes, would love to see them. Would love to
9 see them. You know, the more information I get on this
10 stuff the better.

11 MS. NORBERG: This information is all publicly
12 available.

13 MR. TUVELL: Oh, no, that is why -- I am not
14 saying that. I am saying the claim, what I heard this
15 morning, that UTQG, the system, gets credit for these
16 changes going on is what I thought I heard this morning, and
17 I am saying I am not available of any study that has been
18 conducted that reaches those conclusions. I am not saying
19 the data is wrong, I am just saying giving credit to UTQG
20 for these trends, I am not aware of any study that does
21 that, and so if I have heard that claim correctly, love to
22 have a copy of the study.

23 MS. NORBERG: I do not believe there were any
24 claims that any specific studies existed, however, you can
25 see the trends over time and based on all of our members'

1 collective years of tire industry experience, and
2 obviously the trends in the industry basically speak for
3 themselves.

4 MR. ROBINSON: Ray, Tim Robinson again. I am not
5 aware of any studies either, but it is obvious that UTQG is
6 allowing competitions in the marketplace, and it is driving
7 the numbers higher as a result of that competition. Another
8 point I would like to make is I am sure the Commission
9 values safety as a top priority, the safety of the citizens
10 of California, so is there any concern of the Commission
11 that safety may be compromised when we structure a fuel
12 efficiency grading system to segregate fuel efficient vs.
13 non-fuel efficient tires? Because one of the ways, one of
14 the obvious ways, to improve fuel efficiency is to reduce
15 the amount of tread depth, and that is their quickest,
16 simplest, easiest way to improve fuel efficiency. Well,
17 what that does, and it cannot hurt, what hydroplaning could
18 and can hurt, as well, UTQG -- wet traction grade. So if
19 you look at the trends, if you look in your database, the
20 database we supplied you from the RMA, if you look at the
21 trends, the better tires for fuel efficiency typically also
22 have lower UTQG traction, temperature, and tread wear grade.
23 So we are sort of compromising those attributes in favor of
24 fuel efficiency. So my question is, is the Commission

1 concerned with the safety, driving away from safety
2 towards fuel efficiency?

3 MR. TUVELL: Yeah, absolutely, that if there is
4 any issue as those data with safety, we want to be aware and
5 understand exactly what that is, and the ramification of any
6 decision that we are making relative to safety. Here are
7 the discussions that I have heard and been privy to. The
8 TRB, in particular, looked closely at this in the 2006
9 study, and I talked to Marion Pottenger about this, and he
10 said specifically, yeah, there is no question, you know,
11 reduce tread depth and you can improve fuel efficiency, and
12 sacrifice other desirable tire qualities. But in the TRB
13 Report, the consensus, the conclusion was, it would be
14 totally foolish for a tire manufacturer to pursue such an
15 approach, the market would find out about it and discredit
16 the product. And so, you know, I am going, "Well, that is
17 very interesting," okay? Because that is one potential
18 ramification because you and I agree, I think, that, hey,
19 look, the most efficient tire on the road today is the bold
20 tire, the tire with no tread.

21 MR. ROBINSON: That is right, yes.

22 MR. TUVELL: Is somebody going to market a tire
23 with no tread? No. And that is an extreme. But on the
24 other hand, I find it hard to believe that a conscientious
25 company would in fact product a product and put it in the

1 marketplace, that they believe a consumer could seriously
2 make a wrong decision, putting them in a position of safety.

3 MR. ROBINSON: Well, I am not saying that any
4 tires we would put on the market would be unsafe, I am just
5 saying there are different levels, as you can tell, of UTQG
6 traction grades, where 1 is good, another one is better, and
7 then you have the best. So there can be some trade-offs
8 associated with providing the lowest fuel efficiency tire,
9 instead of having a double-A traction grade, it may be a B.
10 So there will be, then, the added stopping distance to a B
11 grade tire, as opposed to a AA.

12 MR. TUVELL: Sure.

13 MR. ROBINSON: So those are the ramifications.

14 MR. TUVELL: So let's take a look at something
15 that is real thin, I mean, I understand what you are saying
16 and I have some concerns in this area. So here happens to
17 be the 195s and we are talking about traction, in
18 particular, okay, and as you can see, and these are ranked
19 in lowest rolling resistance to highest, and you tell me --
20 dominated by A's. And if we all know in the marketplace
21 right now, the AA which is the highest rating, there are
22 only 3 percent of the tires in the marketplace with AA's.
23 And there are only, to our knowledge, maybe only one or two
24 tires that is naturally a C. So the fact that I am seeing
25 so many A's here, I am going, "Well, if the UTQG system is

1 doing its thing, then I am not seeing a trade-off on
2 rolling resistance vs. traction."

3 MR. ROBINSON: Well, you will when you get to see
4 some cases that had AA. And in addition to that, you will
5 see also the UTQG tread wear grading will typically be lower
6 for AA's. There is also the impact of the total lifecycle
7 analysis and the impact on the carbon footprint. So in some
8 studies, it has been concluded that a tire with a longer
9 life actually is less of an impact on the carbon footprint
10 than a tire with lower fuel efficiency that lasts half as
11 long.

12 MR. TUVELL: Yeah. Now, that one concerns me.
13 The potential trade-off's of tread life vs. rolling
14 resistance.

15 MR. ROBINSON: Yes.

16 MR. TUVELL: I have heard this issue over and over
17 and over again. And, as you know, part of the dilemma -- I
18 mean, I have tried to analyze this, and part of the dilemma
19 has to do with the problem of the reporting parameters for
20 UTQG tread ware, and this is the issue of you can under
21 report.

22 MR. ROBINSON: That is correct.

23 MR. TUVELL: So when I see some low UTQG tread
24 wear numbers -- when I say "low," I am talking about numbers
25 under 500 or so -- I always get skeptical about, "Are they

1 underreporting? Are they -- what's going on?" When I see
2 high UTQG numbers, I have some level of confidence because I
3 know they are not underreporting. But this is the dilemma
4 that I think the consumers have, and we have, and everybody
5 has. So let's say that a really conscientious consumer is
6 trying to say, "I have got this great data on rolling
7 resistance now. I want to understand how it trades off
8 against tread wear and traction." Where do they get the
9 reliable information?

10 MR. ROBINSON: Well --

11 MR. TUVELL: They are going to have very reliable
12 information on rolling resistance to make that decision;
13 where do they get the equivalent level of reliable
14 information on tread wear and traction?

15 MR. ROBINSON: Well, I am speaking for Bridgestone
16 in this case, but UTQG tread wear, as you know, is a
17 regulation, and we have to assure with 100 percent that we
18 are complying within the letter, or the number that we stamp
19 on there. So that brings us to the issue of variability in
20 testing. So we may test a tire that is a 700, but due to
21 the variability in testing, we have to rate it a 500.

22 MR. TUVELL: Sure.

23 MR. ROBINSON: So that is incentive within the
24 market, within the tire industry, to drive down the
25 variability, which is the same incentive you will see for

1 fuel efficiency, but I can honestly stand here and say
2 that we do not gain the UTQG tread wear grading system. We
3 are constantly trying to drive down the variability and
4 assign the highest UTQG tread wear grade that we can because
5 it is to our best interest to sell more product that way.

6 MR. TUVELL: Yeah, and I do not mean to imply that
7 it is gaining. I mean, I think what is happening in UTQG is
8 clearly within the parameters that establish under UTQG. I
9 do not claim or want to in any way allege that somebody is
10 doing otherwise. And even the RMA folks, and you folks in
11 your presentation today agreed that this provision that
12 allows for the underreporting with a D rating, okay, is
13 causing a lot of the skepticism about UTQG, and we all wish
14 it was not there. And if it was not there, then, boom, that
15 issue goes away and maybe people have more confidence about
16 some of this data.

17 MR. ROBINSON: Well, it is just a fact of the
18 variability of the test, which is similar to what we are
19 going to get into when we talk about rolling resistance and
20 fuel efficiency.

21 MR. TUVELL: Got it. Okay. I appreciate that. I
22 would love to talk to you in more depth about that. I had
23 not heard about the variability issue.

24 MR. ROBINSON: Okay.

1 MR. TUVELL: By the way, the Bridgestone
2 Representative and, as it turns out, in our 195 database,
3 the Bridgestone Insignia SU200 would be the market leader at
4 7.78, rolling resistance force in this size category.
5 Congratulations. And it does not surprise me. You guys
6 make some great -- Bridgestone makes great products.

7 You know, I mean, golly, this came up again at the
8 May or the April workshop that, you know, where we talked
9 about the shortcomings and -- oh, here, of course, "allows
10 the understate," and you folks agree that -- I thought I
11 heard you agree that that is one of the problems we should
12 correct. And I asked you in April, and I will ask you again
13 right now, raise your hand and walk with me to NHTSA and
14 tell them we all agree that that provision in UTQG should be
15 changed, that the industry agrees -- it changes. We have
16 had it with it. Let's do it. Let's see the industry stand
17 up and go to NHTSA and say that. Then your criticism of
18 this is going to be much more meaningful to me.

19 MS. NORBERG: Tracey Norberg with the Rubber
20 Manufacturers Association. I think we need to differentiate
21 here -- the reason we are making these points at this time
22 is that these are the kinds of concerns that have been
23 expressed when we have proposed a system that would be a
24 similar categorical rating system, and the reason we are
25 making these points is that, in designing a rolling

1 resistance or fuel efficiency rating system for tires
2 based on a categorical rating, these shortcomings can be
3 addressed in a proposal, and that is what we are proposing
4 here. The subject matter here today is tire efficiency,
5 rolling resistance, and that is why we are offering these
6 comments in this context, because the concern about a
7 categorical system for rolling resistance always comes to
8 these kinds of concerns about Uniform Tire Quality Grading,
9 and so that is the context in which we offer these comments
10 today.

11 MR. TUVELL: No, and I think the comments are well
12 received. But that is why I am saying, if you recognize
13 that problem, as many do, then I would love to see you turn
14 that recognition into some positive action to get it
15 resolved at NHTSA.

16 MS. NORBERG: Again, I mean, the focus here today
17 is on rolling resistance and vehicle fuel economy, and the
18 tire's contribution to those attributes of the vehicle. And
19 UTQG is not on the table, I do not think, at this point. It
20 is not on the table here in California. And so the salient
21 point here is that we offer years of experience working from
22 tire quality or grading, and that we can learn from the
23 experience here and design a categorical system for rolling
24 resistance and the tire's contribution to vehicle fuel
25 economy that takes into account these issues, that have been

1 raised, and these are not a criticism of, in general, a
2 categorical system for tire efficiency, but, instead,
3 something that we can learn lessons from this system and
4 design a program going forward for tires and vehicle fuel
5 economy that takes these considerations into account.

6 MR. TUVELL: Okay, you have the last word on that.
7 Oh, this lower cost manufactured --- I did not understand
8 that. The system that we are envisioning is that anybody
9 could contact us in our program and say, "We question the
10 data that is submitted in this program." Okay? And by this
11 manufacturer, and then we would go about dealing with that,
12 assuming that we did not get overwhelmed with those things,
13 and no budget in the world could do it. But the context
14 that this manufacturer challenge thing, you know, where
15 somehow one manufacturer would challenge another, and what
16 the process would be of doing that, and how the money would
17 exchange hands, and where the tests would have to be
18 conducted, I mean, I could see the devil is in the details
19 on something like that, that I have never heard before. It
20 is intriguing, but I also am not aware of any precedence
21 certainly in any step we have regulated here in energy
22 efficiency, that I could rely on to get a sense of the
23 feasibility of such a thing. I mean, interesting that you
24 brought it up. I mean, we do like the idea of challenging,
25 absolutely. You know, we want the whole nodule of people to

1 challenge it there and help direct us to where the
2 problems are, without a doubt. I mean, the validity of the
3 data is critical to the integrity of the program. Yes, sir.

4 MR. OKIHISA: Tom Okihisa with Toyo Tires. I am
5 just wondering if, as far as the audits, if that data is
6 also going to be public as far as which tires have been
7 audited?

8 MR. TUVELL: You know, I guess I have not thought
9 about that. I mean, the regulations talk about -- the draft
10 regulations talk about the process by which we would notify
11 the manufacturer of the tires that they will be audited, and
12 the process by which they could correct that. And the
13 regulations also say that, if we audit a tire and we do not
14 find any problems, matter solved. I mean, it just goes
15 silent on that. But -- so are you saying you would prefer
16 that auditing results be made published and public? Or you
17 would prefer not?

18 MR. OKIHISA: I guess what I am kind of getting at
19 is kind of making sure there is a fair playing field. I
20 mean, if we see that many different manufacturers are being
21 audited, as opposed to just a few, we can kind of be sure
22 that, you know, everybody is being checked. So that is why
23 I am making that comment.

24 MR. TUVELL: Yeah, yeah, absolutely. I mean, if
25 that would help create a level of confidence in the

1 integrity of the program, absolutely. I want to provide
2 that to you. Yeah, I thought there was concerns about, you
3 know, getting some proprietary thing, and somebody is going
4 to use this to say, "Guess what? We looked at the Energy
5 Commission's..." And it shows up in the advertising at the
6 New York Times, you know, this tire company has been audited
7 more times by the Energy Commission than any other. Yes,
8 don't do that. But if you are talking about highly
9 responsible uses and knowledge, absolutely. I mean, I want
10 to be able to share everything that we possibly can. I
11 mean, getting things held in a proprietary nature has a very
12 specific process around it and only certain things can
13 qualify for it because it is the nature of a public agency
14 like ours. And so, in general, you are going to see
15 everything we do public, except for those specific examples
16 of proprietary approval has been granted, and there is a
17 very specific process about that. Has anybody seen the
18 NHTSA program yet? I would love to see it. Anybody got any
19 clues? I cannot wait to see it. I have high hopes for
20 those folks. I think we are going to be surprised.

21 MS. NORBERG: The NHTSA proposal is not available
22 publicly --

23 MR. TUVELL: It is still in OMB.

24 MS. NORBERG: It is at OMB. It went to OMB on May
25 29th.

1 MR. TUVELL: Right, yeah. But I had nothing --
2 and I think I say that in my credits in my presentation -- I
3 have nothing but the greatest admiration for the quality of
4 work and the credibility of those folks and it would
5 surprise me if they have to see something come out of there
6 that -- I think we might open their eyes. It is not going
7 to be UTQG.

8 Yeah, the budget crisis. Before you get out the
9 door, I am going to hold out the cup for donations,
10 everybody, help us solve our budget crisis. Let's see. So
11 I did my best to try to bring to your attention matters in
12 your presentation that I thought may result in confusion, or
13 that by my providing you with direct response you might find
14 helpful. I chose to wait until now to do that, as opposed
15 to the morning session. That session was for the benefit of
16 the Commissioners and others, as far as I was concerned.
17 And so I made a conscious decision to hold back asking
18 questions then, and so I hope I did not mislead or
19 misunderstand.

20 Let me ask you this, Dan. Is there anything in
21 any of my slides that you would like to go over again, or
22 focus on that I could clarify? This would be a perfect
23 opportunity to do that while I am up here. I would be happy
24 to do that, discuss it. I look forward to this opportunity

1 with you guys to have this dialogue. It does not happen
2 that often.

3 MR. OKIHISA: One more question, but it is not a
4 question about your slides, but about the regulation. Do
5 you have any more details or share your ideas on as far as
6 the enforcement, and I guess -- I do not know if you would
7 call them -- penalties for non-reporting by the deadline
8 date?

9 MR. TUVELL: Yeah. Well, you know something? It
10 is our desire, no, it is the Government's desire, in
11 general, to refrain from [quote] "enforcement proceedings,"
12 except for the most egregious circumstances. Okay? That we
13 all hope never occurs. So I would suspect that if there are
14 issues associated, such examples that you gave that did not
15 get the reporting in on the deadline, I would hope that
16 there are responsible reasons why, and that we would
17 accommodate that, and that these are circumstances where
18 enforcement actions would not at all -- they would not be
19 appropriate, and they would not be necessary because you had
20 good reasons why. Okay? And we are all reasonable folks,
21 and that is the way we would prefer it to be resolved. I
22 mean, nobody is happy about enforcing things or going to
23 court, and we are going to avoid that to the greatest extent
24 possible. The general question of enforcement authority
25 would likely be, "That is what the pay the Attorney General

1 to do." You know, he has got a better budget than me. I
2 do not think he is fighting with the Governor on that.
3 Their budget is secure, and mine is not, so we are going to
4 be turning to the Attorney General and saying, "Have at it."
5 Actually, I am not. I hope I never have to do an
6 enforcement authority. I mean, if this program works well
7 and works correctly, it fits everybody's needs. And we did
8 not come up with anything that would ever require such
9 drastic action. That is the last thought in my mind is,
10 gosh, I am going to have to enforce -- how big a club can I
11 get to bang somebody over the head? Don't want to do it.
12 And I am not aware of anybody in Government that ever wants
13 to do something like that.

14 Okay, so we have covered going over your
15 presentation in more detail. Apparently there are no
16 additional questions on my presentation. I did get a number
17 of good questions on the regulations, themselves. Great.
18 So can we focus on that, then, for a couple minutes? Is
19 there anymore detail questions that anybody has on the
20 regulations? Again, I hope you understood my explanation of
21 this brief errata that we made available today. It was
22 relatively non-substantive issues, but we caught them, they
23 have all been corrected in the version that we handed out
24 today. We are going to make that available on the Internet
25 to everybody. So those on the Internet that are listening,

1 no substantive changes occurred in the Errata, and we are
2 going to get that out to everybody. Any other questions on
3 the Regs. in detail? Certainly, this is not the last time,
4 but it is the best time because we can dialogue over it.

5 And then one other category that I brought up
6 earlier was I thought there was maybe some confusion about
7 the Energy Star program. For example, I heard reference to
8 something about, "Once you are on the Energy Star, you're
9 always on the Energy Star," it is the grandfathering clause.
10 I do not believe that is correct. But, you can answer that
11 question. So I would encourage you, that if anybody has
12 some questions or concerns about how the Energy Star concept
13 works, because it was alluded to, we have got somebody here
14 that we could certainly get a direct answer to that.

15 MR. OKIHISA: Yeah, Tom Okihisa with Toyo Tires.
16 Actually, I would like more information on -- again, it goes
17 back to my previous questions about the rating system being
18 updated on an annual basis, and possibly that being too
19 frequent. Maybe you have some comments on how the Energy
20 Star system works and what their opinion is on a system
21 where basically your target is changing every single year,
22 and how that might affect manufacturers.

23 MR. TUVELL: Well, wait, before you leave, can I
24 ask you a question? Interesting comment about every year
25 being too frequent. What is your thinking on that?

1 MR. OKIHISA: Well, my main concern is, and I
2 know you talked about having information updated at the
3 retail location on the computer when they bring up the other
4 product information. But, still, as far as the actual
5 salesman at the retail location and the training that is
6 required, and quite honestly, you know, the higher turnover
7 rates for those types of employees, to actually expect them
8 to know what products really are currently the most fuel
9 efficient and to communicate that to the consumer, it just
10 seems like, if you have information that is updated every
11 year, the expectation of that really getting to the end user
12 just seems -- it would make it less likely.

13 MR. TUVELL: Gotcha. I mean, we heard over and
14 over again on this matter of coming up with a concept that
15 works well in the marketplace, you know, both the issue of
16 consumers have a hard time understanding complicated
17 concepts, but also was drilled into this, you know, loud and
18 clear, same with the retailers, that there is training
19 associated with the retailers to learn and understand these
20 things and keep their knowledge constant. So I am hearing
21 you loud and clear. So there is a balancing act that we are
22 talking about here. The desire to update the database, the
23 fuel efficient tire definition, frequently was, in fact,
24 this positive desire to recognize that, "Hey, look, maybe
25 there is this new class leader now. And let's give them

1 credit for that and reassess who is within the 15
2 percent." And so we looked at it as a positive response.
3 "Here we have got a Government-run program, positive with
4 responding to the fact that technology changed. Quick,
5 let's get it out there, and let's do what, in part, what
6 this program was designed to do." But I am hearing you also
7 saying, "Yeah, but..." Okay? There is this other maybe
8 unintended consequence of too frequent changes of
9 information getting out into the marketplace. Can they
10 absorb and adapt to that frequent change without it adding
11 some confusion? Interesting dilemma. I am not sure what
12 the solution would be to that, frankly. I mean, I think we
13 would all agree we want to pick a time span for updating,
14 and how you weigh something -- so, I mean, if you folks
15 submit comments, I am very interesting in hearing some
16 counter ideas and views on that, very interested in that. I
17 appreciate your point and concern.

18 Okay, well, getting along in the day. Anybody
19 else have any questions, comments, or any other uses of this
20 time available that they would like to pursue at this point,
21 I would welcome anything. Anybody on the Internet that is
22 hardcore and just hung around this long, especially on the
23 East Coast, that have comments or questions that they would
24 like to contribute at this point?

1 MR. RASSETTER: Ray, this is John Rassetter from
2 Tire Rack.

3 MR. TUVELL: Yeah, go ahead.

4 MR. RASSETTER: I am not sure if you Energy Star
5 people had a chance to sort of answer their side of Tom's
6 question.

7 MR. TUVELL: Okay.

8 MR. RASSETTER: As far as about how Energy Star
9 works, or products dropping off, things of that nature.

10 MR. TUVELL: Thanks, John. Yeah, it is coming to
11 the microphone now.

12 MR. FANARA: Thank you. My name is Andrew Fanara.
13 I am with the US EPA's Energy Star Program. Let me preface
14 my remarks by saying I do not want to speculate too much at
15 this early juncture about the potential role for Energy Star
16 and/or the other EPA Program, Smartway, in terms of how
17 things might work in the future, so I think it is probably
18 premature to speculate on that. I can speak to -- and,
19 again, that -- we might have future discussions about this
20 to the extent that the plumbing infrastructure of the
21 program, whatever that ends up being, is figured out,
22 weighed out, and then EPA makes a decision that we might be
23 able to map our programs onto it for some benefit to the
24 customer. But specifically to the question about Energy
25 Star's policies with respect to updating our specifications,

1 I would say we have a guiding principle that we want to
2 update them as frequently as necessary to ensure that they
3 reasonably continue to be effective in the marketplace and
4 deliver on the promise to the customer that they are getting
5 one of the most efficient products in the marketplace. So
6 to that extent, we base that decision on as much information
7 that we can gather from the varied sources that might be
8 available, to be able to make that decision. Suffice it to
9 say, we have some products that are updated rather
10 infrequently because the market does not change very
11 rapidly. Others probably need to be changed more
12 frequently. We would like to make that decision on the
13 basis of the product in the market and not have a one-size-
14 fits-all with respect to that. So I do not know whether or
15 not -- we probably do have some products that change closer
16 to a year, and some that change, frankly, several years or
17 longer, it really depends on the market for the product.
18 Thank you.

19 MR. TUVELL: Did that help, John?

20 MR. RASSETTER: Yes, it did. Thank you.

21 MR. TUVELL: Anyone else on the Internet have any
22 questions or comments right now? I think we have exhausted
23 everybody in the room here. Okay, if not, then I would like
24 to remind everybody that, again, the notice requested that
25 any written comments be submitted within two weeks.

1 Tracey's request, noted, that she would like more time
2 especially relative to once having the transcript first, and
3 I will certainly forward that request to the Commissioners.
4 Other than that, I think I will call the workshop to an end,
5 and I want to thank everybody for their participation today.
6 Thank you very much.

7 (Whereupon, at 3:59 p.m., the workshop was
8 adjourned.)

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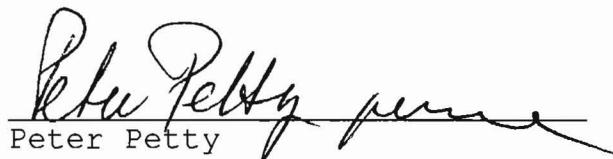
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