Energy Efficiency Council

EXCLUSIVE RELIANCE ON MULTIFAMILY-ONLY ESA IMPLEMENTERS.

Ripping away responsibility for Multifamily (MF) residences from the existing low-income infrastructure of community based private and non-profit contractors will cause massive disruptions in services to this fragile community. It will result, unnecessarily, in extensive personal and professional hardships on those who have built their careers helping low income families. It will cost the low-income programs tens of millions of dollars in wasted resources and inefficiencies. It will take years (3+?) to recover a semblance of the current level of resources and should the new administrator fail, the current, very successful infrastructure, will have already been dismantled.

While the exact numbers are beyond our capabilities to calculate exactly, we can make some reasonable assumptions. According to the utilities ESA annual reports for PY2018, twenty-six (26%) of low-income households treated are MF dwellings. Based on these reports and interviews with current ESA contractors regarding employment, at least 747 employees will be displaced affecting more than 2,990 Californians.[1]

Economists and analysts often think in terms of bloodless units of production that can be shifted around at will, independent of other impacts, in this case: the "transferring" of MF responsibility from the current group of contractors to some other MF -centric entity. Very unfortunately, the facts "on the ground" are quite different. Take the example of the trained, certified and licensed specialists who conduct most of the outreach, enrollment and education for the low-income programs.

There are not MF education specialists and separate Single-family education specialists that can be readily separated. The same trained and experienced specialists serve both markets concurrently, tending to specialize, if at all, in a given geographic area where they have built years of relationships and experience. They are unlikely to voluntarily transfer to a new, unknown MF -only entity to pursue a market that is suddenly reduced to 26% of their previous potential. The new MF -only entity will need to spend years building up and training a new staff, wasting the existing resources. Meanwhile the original Specialists, closed off from the MF market, will see their potential market slashed by 25% and their prior work in that market wasted. Their collective workload and compensation will be reduced by 25%. Can't they make this up? Theoretically, yes. The more aggressive Specialists, by working harder and taking work away from other Specialists (remember, the entire market is limited and has now been reduced by 26%), may be able to restore their production over a number of years as they build up their SF capabilities. This will still mean more work for them and less income for a period of time.

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[1] Analysis of The Workforce Loss on page 3

And what of the others who are not as aggressive? They will suffer from increasingly lower production and compensation, until they are forced out of their career - more waste.

In the interim, the newly hired and trained Specialists in the new MF -only entity suffer through a period of training and years of gaining experience and relationships to duplicate the experience and competencies abandoned in that MF sector from shutting out the original experienced group. For some years, they are, as a group, much less productive than the prior experienced Specialists. Also, their options are limited to the MF market, giving them less opportunity to be productive.

This same issue is replicated in almost every other category of the low-income infrastructure. There are no MF [2] weatherization or HVAC specialists. These essential crews work on both MF and SF homes. There are no experienced paperwork auditors that work only on MF units. There are no MF-only in-house inspectors. There are no MF-only managers, supervisors, warehouse staff, purchasing people, executives, vehicle maintenance, or virtually anything else in the current infra-structure.

MF support is integrated into every part of the current low-income contractor infrastructure. It cannot be "transferred" in an orderly manner. Nor is trying to eliminate it there in hopes of having a new entity thrive in its place and absorb the old resources.

People are unlikely to voluntarily transfer from an on-going operation to a new one that, at best, is limited to service MF dwellings, representing 26% of the prior work. They will take their chances with the entity that has supported them and that has a stronger future. Nor can we rely upon the contractor, faced with a sudden 15-20% revenue loss of MF work, to help the new entity by an orderly transfer of personnel or responsibility. Even if we were willing to Ignore the intense personal and familial stresses of being laid off and perhaps finding work with a new company, this would be a disaster for the MF effort. The current contractor will not lay people off at random. They will seek to keep their better, more productive and experienced staff. They will start with laying off their bottom 10+%, far below average competencies. The MF community will certainly NOT be helped by having the bottom 10% people as the foundation upon which their low-income programs are built!

As hurtful as giving a MF-only entity the exclusive rights to treat MF dwellings might be, the real tragedy would be that this is totally unnecessary. The existing contractors are more than willing to do more MF dwellings, if that is the goal. We can make a number of procedural improvements to encourage this at no additional costs. And utilities already have multiple contractors operating in the same marketplaces. If they wish to have a MF-only contractor, they may do so. We only request that such an entity receive no special treatment for enrollment or pricing than that offered to the existing contractors.

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[2] Within a few large urban contractors, there may be a few rare MF -only employees that will allow for a non-disruptive transfer. If so, this means that the burden will fall disproportionately on smaller and rural contractors and their low-income MF that do not have such a structure.

We, the contractors for the low-income community, strongly believe and support that more MF dwellings be treated each year. We also believe that more single-family low-income residences need to be treated. And we believe that all should be receiving a more comprehensive mix of measures. We are ready to work with the Commission and the other Interested Parties on procedures to accomplish any or all of these goals.

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APPENDIX 1. Analysis of The Workforce Loss

IOU	PY	Total Homes Treated*	MF Homes Treated*	MF %	TOTAL FTE SPECIALISTS	MF FTE SPECIALISTS	TOTAL FTE INSTALLERS	TOTAL MF INSTALLERS	TOT Data, QC, Admin, Supv, etc.	MF Data, QC, Admin, Supv, etc.	TOTAL FTE	MF FTE	# of Contractors (2018 #)	AVG Homes Served Per	MF JOBS LOST	Family members affected (Avg 4)
AVERAGE	**2016-18**	**260,740**	**64,069**	**25%**	**543**	**133**	**3,259**	**400**	**869**	**214**	**4,672**	**747**	**102**	**2,556**	**747**	**2,990**
PG&E	2016	74,319	14,099	19%	155	29	929	88	248	47	1,332	164				
PG&E	2017	93,790	26,412	28%	195	55	1,172	165	313	88	1,680	308				
PG&E	2018	85,168	16,372	19%	177	34	1,065	102	284	55	1,526	191				
3-Yr CUM		253,277	56,883	22%	528	119	3,166	356	844	190	4,538	664	32	2,638	221	885
SCE	2016	41,070	6,895	17%	86	14	513	43	137	23	736	80				
SCE	2017	80,333	20,646	26%	167	43	1,004	129	268	69	1,439	241				
SCE	2018	85,442	17,055	20%	178	36	1,068	107	285	57	1,531	199				
3-Yr CUM		206,845	44,596	22%	431	93	2,586	279	689	149	3,706	520	21	3,283	173	694
SCG	2016	69,811	20,796	30%	145	43	873	130	233	69	1,251	243				
SCG	2017	90,030	14,537	16%	188	30	1,125	91	300	48	1,613	170				
SCG	2018	99,457	24,770	25%	207	52	1,243	155	332	83	1,782	289				
3-Yr CUM		259,298	60,103	23%	540	125	3,241	376	864	200	4,646	701	37	2,336	234	935
SDG&E	2016	19,792	9,757	49%	41	20	247	61	66	33	355	114				
SDG&E	2017	21,677	9,236	43%	45	19	271	58	72	31	388	108				
SDG&E	2018	21,332	11,633	55%	44	24	267	73	71	39	382	136				
3-Yr CUM		62,801	30,626	49%	131	64	785	191	209	102	1,125	357	12	1,744	119	476
ALL	2016	204,992	51,547	25%	427	107	2,562	322	683	172	3,673	601				
ALL	2017	285,830	70,831	25%	595	148	3,573	443	953	236	5,121	826				
ALL	2018	291,399	69,830	24%	607	145	3,642	436	971	233	5,221	815				
3-Yr CUM		782,221	192,208	25%	1,630	400	9,778	1,201	2,607	641	14,015	2,242	102	2,556	747	2,990

*Source- IOU Annual ESA Reports

**** Assumptions:**
FTE (Full Time Equivalents) = 48 weeks (230 days) of full time work; 2 weeks vacation; two weeks of national holidays plus PTO
FTE Specialists average 480 enrolls/year (2 per day); Some do more, but many are part-timers and do less
Installations are set 3-work days per unit; weighted for 2-person WX; 2-person Attic and HVAC crews; 1-person Specialty, Inspection, Maint Crews, weighted for frequency of each.
MUD Install takes half the total time and effort (including travel, installation admin, etc) as an average install.
Admin Staff (8 per Average Contractor) includes all other functions: Data, Quality Assurance, Administration, Supervision, etc. Anecdotal info sets value at one per 300 units done.