

February 28, 2024

Subject: Advance Payment Request

Dear Carter Prescott:

cc: Kapil Kulkarni, Benito Delgado-Olson, Coby Rudolph, Jason Wimbley, Robert Castaneda

As frontline contractors with Southern California Edison's Energy Savings Assistance Program (ESA) we are contacting you regarding a service implementation crisis. We desperately need your help with resolving an important financial condition which will aid in the seamless progress and successful outcome of delivering ESA services. As you know, ESA is a Pay-for-Performance Program requiring contractors to finance upfront costs and assume large amounts of debt to implement the program. This financial obligation was intensified due to the transition to the new Program model.

Southern California Edison has effectively implemented the ESA Program by collaborating with small diverse businesses, community-based organizations, and non-profit organizations dating back to the 1980s. These organizations have made substantial financial investments for the past three decades in order to align their infrastructures to keep up with the growth and demand of SCE's ESA Program. The result of this collaborative effort is demonstrated in SCE's history of consistently meeting its Program goals over the past three decades.

However, in Program Year 2022, due to program budget concerns, SCE prematurely discontinued portions of their programs. The cessation of services resulted in unprecedented contractor layoffs. The ongoing workforce reduction persisted into 2023 as a result of the sluggish implementation of the new program. Further, in order to accommodate the reduced workforce and substantially decreased workload, we liquidated assets and downsized our warehouse and office space. These changes led to one organization that had supported SCE's program for over 35 years to close its doors. The disruption caused by the work stoppage and slow start has also placed our organizations in a financial predicament that creates a questionable future for our organizations.

SCE has recently presented our organizations with new objectives and targets, requesting that we ramp up to levels not seen in more than fifteen years. To achieve these targets, we must recruit and train new personnel, expand our fleet, acquire equipment and materials, and secure new warehouse space to ensure the ramp-up for FY 2024 is successful. We are certain that we can assist SCE in attaining these ambitious program objectives; however, due to our present financial circumstances, to accomplish this we request SCE's assistance in the form of contract advances, as it did in 2020 to facilitate the program's critical need for increased performance to render a successful 2024 program cycle. We propose implementing the model proven successful from 2020, with payment options concluding in 2026, which coincides with the conclusion of this funding cycle.

The CPUC's Low Income Oversight Board (LIOB) as well as the CPUC's Energy Division are aware of this situation. The LIOB has submitted a letter recognizing this crisis and recommending these contractor advances in their formal communication to the full Commission. We are also aware that this issue will be discussed at the next LIOB meeting on March 14, 2024.

Each ESA contractor is unique in their position. Thus, we request a specified advanced amount centered on our respective contract value. Additionally, we seek a repayment plan - the provision of the advance payment will be liquidated from cost reimbursements as they become due to the service provider structured in a fixed monthly payment through the end of the 2026 program cycle. It is imperative for us to note that Resolution E-5074, created to support ESA contractors during a period of uncertainty. The outcome of this resolution deemed a success for contractors to remain in business as essential workers and render HSC services to the communities. Subsequently, validating the advance payment plan is viable.

We thank you for entrusting us in executing the ESA program. Our request for an advance payment will ensure a successful and seamless program implementation. Your time and consideration of this matter is greatly appreciated, and we look forward to your favorable response.

Sincerely Joint Parties,

Energy Efficiency, Inc.

Energy Efficiency Resources, Inc.

Energy Save Inspections

FCI Management

John Harrison Contracting

Proteus, Inc.

Quality Conservation Services

Reliable Energy

Veterans in Community Services