BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service.	R.18-07-006 (Filed July 12, 2018)

CALCCA COMMENTS ON ORDER INSTITUTING RULEMAKING AND PRELIMINARY SCOPING MEMO FOR AFFORDABILITY FRAMEWORK RULEMAKING (R.18-07-006)

CALCCA
ADVANCING LOCAL ENERGY CHOICE cal-cca.org

Beth Vaughan
Executive Director
California Community Choice Association
2300 Clayton Road, Suite 1150
Concord, California 94520
Tele: 415-464-6189
Email: beth@cal-cca.org

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Introduction

Pursuant to the *Order Instituting Rulemaking to Develop Methods to Assess the Affordability Impacts of Utility Rate Requests and Commission Proceedings* ("OIR") issued July 23, 2018, and the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the California Community Choice Association ("CalCCA") hereby submits the following comments on the OIR and its Preliminary Scoping Memo ("Scoping Memo") for this new proceeding ("Rulemaking").

CalCCA welcomes the opportunity to participate in this Rulemaking. While the Rulemaking broadly focuses on the affordability of all utility services, CalCCA will generally limit its comments to its area of expertise regarding the provision of electricity and related services. CCAs advocate for customers within their service territories, and by extension CalCCA represents a significant and growing share of customers across the State. As CCAs are free of the need to provide shareholder returns and are not dependent on intervenor compensation they can directly address their customers' interests related to this OIR. As a result, we agree with the Commission that, "…electricity is a basic necessity, and that all residents of the state should be able to afford essential electricity"[1] and we share the Commission's commitment to "[e]nsure that low-income ratepayers are not jeopardized or overburdened by monthly energy

[1] OIR, p. 3, quoting Pub. Util. Code § 382(B).

expenditures."[2] And to observe "[t]he principle that electricity and gas services are necessities, for which a low affordable rate is desirable."[3]

CalCCA is actively working to reduce costs for all electric customers – not just those served by CCAs. Given the increasing cost of electric utility services and overall surge in cost of living in the State, the Commission is wise to open this Rulemaking now.

Recommendations

CalCCA believes that the best way for the Commission to consider affordability is to:

1) Supplement *System Average Rates* ("SAR") with regional usage assessments.[4] Regional designations can be those jurisdictions already established by economic or transportation zones (e.g., Councils of governments, such as ABAG, FresnoCOG, SCAG, SANDAG, SanBAG, etc.), then;

2) Assess within each region median household income and median household utility costs. We recommend that customer segment analysis and comparisons take place first within regions, and subsequently between regions for cross-regional comparisons. Additionally, we believe that by grouping customers into already established economic and political jurisdictions the underlying economic and demographic information is more likely to be readily available to assess utility affordability for those residents.

3) Compare across regions to reveal any regional difference in overall affordability impacts based on the varying costs of different utility services. It is important to understand the overall costs per service provided (e.g., electric, gas, water, sewage, telecom, etc.) For example, the Central Coast may have lower overall electricity costs relative to those in the Inland Empire, but may also have relatively higher sewage or potable water charges.

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[2] Ibid.

[3] OIR, p. 3, quoting Pub. Util. Code § 739(d)(2).

[4] CPUC's *Comparative Analysis of Utility Services & Rates in California*, R. Rockzsfforde, April 14, 2015, available at: http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPDComparativeAnalysisofUtilityServicesRatesinCAFinal.pdf

This would allow for individual household assessments that consider regional economic impacts like housing costs, etc. and would also continue to support market-level metrics among population segments.

Discussion

Metrics & Analysis

The OIR recognizes that the fundamental challenge the Commission faces in defining and measuring affordability is how to determine an appropriate scale and corresponding metrics while acknowledging that not all aspects of affordability are within the purview of the Commission. Indeed, the lens through which affordability is evaluated has a significant impact on the resulting conclusion and strategies to address it. However, the current approach of evaluating incremental rate impacts through general rate cases and applications lends itself to perpetually increasing costs.

A given application may "only" raise rates by $0.001/kWh, but the broader context of whether customers are already paying 20% more than they were two years earlier is not captured in the current piecemeal approach. Household-level metrics aim to more holistically capture impacts on customers, but such metrics are easily misconstrued. As the Commission notes in the OIR, current programs for low income households, "[d]o not address the issue of whether services are affordable - for low-income customers under subsidized rates, or for middle-income earners or for customers just above the qualifying income limit - nor how the consumption of multiple services, such as electricity, gas, water, and telecommunications, may impact affordability."[5] The Commission is prudent to evaluate affordability in a broad context. Stakeholders should remain mindful of the fact that other necessary costs – like housing – may be outside the scope of this Rulemaking but put significant pressure on customers.

The Commission should also consider metrics that examine whether proposed spending is inappropriately duplicative or divorced from cost causation. For example, Sonoma Clean Power ("SCP") administers a self-funded EV incentive program. A PG&E proposal to utilize ratepayer funds to deliver an electric vehicle rebate program to its own customers in Sonoma County may need to be constrained so that the SCP customers are not paying into two

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[5] OIR, p. 7.

duplicative programs. Additionally, if the SCP customers cannot participate and thus are not creating costs in the PG&E program, they should not be made to support it. These metrics should be developed to extend to the full spectrum of proposed spending from reliability resources to rate comparison tools. They should also be flexible enough to apply to different classes of customers within one load serving entity (*e.g.*, commercial and residential customers) and between customers of multiple load serving entities (*e.g.*, bundled and unbundled customers).

Disadvantaged Communities

Regarding programs for disadvantaged communities, CalCCA believes that a regional approach that seeks to integrate investments in energy efficiency and other programs into regional development efforts, such as developing affordable housing, would help ensure household-level benefits for these programs. Additionally, such an approach would facilitate development of program performance metrics relevant to regional demographic and economic circumstances. This means that while all regions may assess the same factors, the region-level analysis may reveal variations in the relative importance of these factors within and among regions. We believe this approach may be particularly helpful in addressing the needs of disadvantaged communities.

Categorization, Communication, and Schedule

CalCCA does not object to the proposed "quasi-legislative" categorization of this proceeding. Furthermore, CalCCA does not object to any elements of scope as presented within the OIR. Lastly, CalCCA defers matters of schedule to the wisdom of the Commission but reminds the Commission to minimize any potential overlap with its other proceedings so that intervenors with limited resources may still engage in this important topic.

For all service, please include in the service list, as party representative for CalCCA:

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Executive Director
California Community Choice Association
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Email: beth@cal-cca.org

Conclusion

CalCCA looks forward to engaging in this proceeding on behalf of all electric customers, particularly those who are economically vulnerable or otherwise at risk. We believe that the strategic approach we recommend for assessing affordability will facilitate the development of more equitable utility rates by considering regional cost factors. We also believe that this approach aligns with the Commission's obligation to ensure the safety, reliability, and affordability of critical services, while achieving climate and other policy goals.

Respectfully submitted on August 13, 2018,

CALCCA
ADVANCING LOCAL ENERGY CHOICE cal-cca.org

/s/ Beth Vaughan
Beth Vaughan
Executive Director
California Community Choice Association