

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Establish a
Framework and Processes for Assessing the
Affordability of Utility Service.

R.18-07-006

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE
ASSIGNED COMMISSIONER'S RULING SEEKING COMMENT ON THE USE AND
INTERPRETATION OF THE AFFORDABILITY FRAMEWORK**

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SUMMARY OF RECOMMENDATIONS

California Community Choice Association (CalCCA) provides the following recommendations pursuant to *Assigned Commissioner's Ruling Seeking Comment on the Use and Interpretation of the Affordability Framework*, dated October 13, 2022:

- The California Public Utilities Commission (Commission) should broaden the use of the affordability metrics to all rate cases and proceedings impacting the affordability of utility service; and
 - Strategies should be developed in this proceeding, as well as other Commission proceedings, to make the adopted affordability framework and metrics actionable rather than simply informational.
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The California Community Choice Association (CalCCA)¹ submits these comments pursuant to *Assigned Commissioner's Ruling Seeking Comment on the Use and Interpretation of the Affordability Framework* (Ruling), dated October 13, 2022.

I. INTRODUCTION

The Ruling seeks input on the use and interpretation of the adopted affordability framework and metrics (Metrics) as directed by the California Public Utilities Commission (Commission) in Decision (D.) 22-08-023.² Given the Implementation Decision was only issued a little over two months ago, additional time and analysis will be needed to ensure that the Metrics successfully demonstrate the affordability of utility services. The use of the Metrics in the recent 2020 Annual Affordability Report (2020 Report), dated October 2022 (Attachment 2

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² See D.22-08-023, *Decision Implementing the Affordability Metrics*, Rulemaking (R.) 18-07-006 (Aug. 4, 2022) (Implementation Decision).

of the Ruling), and in ongoing Commission proceedings demonstrates the efficacy of the Metrics in determining which Californians are most impacted by affordability concerns.³ CalCCA looks forward to continuing to analyze and provide feedback on the use and implementation of the Metrics in Commission proceedings. With the questions set forth in Section 5.3 of the Implementation Decision as a guide, CalCCA provides initial feedback below on the following issues related to the Metrics:

- The Metrics have proven useful in both assessing affordability issues in the 2020 Report, and in Commission proceedings impacting rates;
- The Commission should broaden the use of the Metrics to all rate cases and proceedings impacting the affordability of utility service; and
- Strategies should be developed in this proceeding, as well as other Commission proceedings, to make the Metrics actionable rather than simply informational.

II. THE AFFORDABILITY METRICS SHOULD BE EXTENDED TO ALL RATESSETTING AND OTHER PROCEEDINGS THAT IMPACT THE AFFORDABILITY OF UTILITY SERVICE

The Metrics have been effectively applied not only in the Commission’s development of its 2020 Report, but also in recent Commission proceedings. The Metrics should also be extended to all ratesetting and other proceedings that impact the affordability of utility service. Of note, the Metrics allow the Commission to track changes in affordability over time by comparing year over year results. The Metrics also allow the Commission to evaluate whether the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs are reaching eligible customers who are struggling with affordability of utility services. In addition, the Metrics provide an additional measure of disadvantaged communities (DACs)

³ The Metrics have so far been used in the Covid and Disconnections proceeding (R.21-02-014), in Pacific Gas and Electric’s 2023 Test Year General Rate Case (Application (A.) 21-06-021), and in Southern California Edison Company’s 2023 Energy Resource Recovery Account Forecast October Update (A.22-05-014).

compared to DACs specified in the census tracts identified by the California Environmental Protection Agency (CalEPA).⁴ Importantly, the DAC designation is not something that can be forecasted for future years, while the Metrics do allow such forecasting.⁵

The forecasts provided in the 2020 Report therefore provide valuable information for policymaking and program design in addition to public transparency in times of increasing utility rates. The Commission should continue to publish the Annual Affordability Reports, including forecasts, to allow stakeholders to address affordability issues with the most up-to-date data and information.

The use of the Metrics should be extended to all ratesetting and other proceedings that impact the affordability of utility service. The Commission should require updates to the Metrics in any proceeding categorized as ratesetting and in any proceeding in which affordability of utility services can be affected. D.22-08-023 provides direction and guidance on implementing the Metrics adopted in D.20-07-032. Ordering Paragraphs 5 and 6 of D.22-08-023 direct the investor-owned utilities (IOUs) to provide updates to the Metrics in any initial filing with a revenue increase estimated to exceed one percent of currently authorized revenues. The inclusion of these updates in ratesetting applications of the IOUs provides stakeholders and intervenors with valuable context in determining the reasonableness of revenue requests.

While the comparison of impacts to affordability between current and proposed rates in IOU ratesetting proceedings is important, these comparisons can also be valuable in other Commission proceedings. Proceedings that create policies impacting the affordability of utility service should also consider the utilization of the Metrics. For example, the Demand Flexibility

⁴ See 2020 Report at 35 (“[t]he fact that there is overlap between DACs and AACs is important because it supports the idea that the AAC designation is a meaningful indicator of economic hardship”).

⁵ *Id.*

proceeding (R.22-07-005) is a ratesetting proceeding that aims to establish demand flexibility rates and an income-graduated fixed charge. Both elements aim to make electric rates more equitable and affordable to customers. Since affordability is a stated objective of the proceeding, the Commission can incorporate the Metrics to demonstrate how demand flexible rates and fixed charges impact affordability.

In fact, the Commission effectively utilized the Metrics in the Covid and Disconnections proceedings to identify areas within California in need of case management services to reduce pandemic related arrearages through a Community Based Organization (CBO) pilot.⁶ Stakeholders, including IOUs and community choice aggregators, participated in a working group resulting in a Proposal for the CBO pilot, incorporating the proposed zip codes meeting the Commission’s definition of an “affordability area of concern” within the Affordability Framework.⁷ This use of the Metrics outside of an IOU rate case to isolate areas to be assisted by a specific Commission directed program should be replicated in other proceedings in which lack of affordability is being addressed.

III. STRATEGIES SHOULD BE DEVELOPED IN THIS AND OTHER PROCEEDINGS TO ACT ON THE AFFORDABILITY ISSUES DEMONSTRATED BY THE AFFORDABILITY METRICS

In addition to including the Metrics for consideration in additional proceedings, the Commission should develop strategies to make the Metrics actionable. Electric rates are rising, and the 2020 Report forecasts affordability to continue to be an issue at least through 2025.⁸ While identifying affordability areas and issues is the first step in finding solutions, the

⁶ See D.22-04-037, *Decision Requiring Development of Community Based Organization Case Management Pilot Program to Reduce Arrearages Associated with the Covid-19 Pandemic*, Attachment D, R.21-02-014 (Apr. 7, 2022) (listing targeted communities based on the Affordability Metrics).

⁷ See *Joint Submittal: Community-Based Organization Arrears Case Management Pilot Proposal in Compliance with D.22-04-037*, R.18-07-005 (Aug. 30, 2022), at 6.

⁸ See 2020 Report at 61-63.

Commission should use the wealth of information provided by the Metrics to tailor policies and programs to address these problems.

IV. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive, flowing style.

Evelyn Kahl,
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November 30, 2022