



**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
ASSIGNED COMMISSIONER'S RULING SEEKING ANNUAL FEEDBACK ON THE
IMPLEMENTATION OF THE AFFORDABILITY FRAMEWORK**

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SUMMARY OF RECOMMENDATIONS

The California Community Choice Association recommends that the California Public Utilities Commission should:

- Describe how it uses the Affordability Metrics to reach decisions that affect affordability;
 - Aggregate Affordability Metrics data submitted by investor-owned utilities (IOU) so that the data are more accessible to the public and usable by intervenors;
 - Summarize the Cost and Rate Tracker Tool and IOU Quarterly Reports to make them more useful for and accessible to ratepayers;
 - Require implementation of the Affordability Framework and Metrics to make them more actionable;
 - Integrate use of Affordability Metrics into non-ratesetting proceedings that may have impacts on rates such as Demand Flexibility, Resource Adequacy, and Integrated Resource Planning rulemakings; and
 - Augment the Annual Affordability Report to discuss potential further analysis, actions, or solutions for addressing specific affordability challenges identified in the Annual Affordability Report.
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California Community Choice Association¹ (CalCCA) submits these comments pursuant to the *Assigned Commissioner's Ruling Seeking Annual Feedback on The Implementation of The Affordability Framework*² (Ruling), dated December 13, 2023. The Ruling seeks feedback on the use and implementation of the California Public Utilities Commission's (Commission) adopted affordability framework within Commission proceedings and in the Annual Affordability Report.³ In addition to seeking feedback from parties to this rulemaking, the

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster 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 *Assigned Commissioner's Ruling Seeking Annual Feedback on The Implementation of The Affordability Framework*, Rulemaking (R.) 18-07-006 (Dec. 13, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M521/K479/521479648.PDF>.

³ Decision (D.) 22-08-023 at 71 and Ordering Paragraph (O¶) 13: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K428/496428621.PDF>.

Ruling is also seeking feedback from parties to other proceedings where the Affordability Metrics have been introduced and analyzed.⁴

I. INTRODUCTION

As noted in the 2021/2022 Annual Affordability Report, “electric bills started becoming much less affordable in 2022 and will continue on that trend until at least 2026”.⁵ These growing affordability challenges hit low-income customers the hardest, forcing households to make difficult decisions between paying electricity bills or for other essentials like housing, food, and healthcare. These challenges will grow as California pursues decarbonization and the reliance on the electric grid increase. High rates will slow decarbonization if rising electricity rates cause customers to no longer see an economic benefit to fuel switching. This would slow the adoption of building and transportation electrification and would reduce the capacity for load shifting to help grid management. CalCCA appreciates the opportunity to provide feedback on the Commission’s Affordability Framework and Metrics and recommends that the Commission should:

- Describe how it uses the Affordability Metrics to reach decisions that affect affordability;
- Aggregate Affordability Metrics data submitted by investor-owned utilities (IOU) so that the data are more accessible to the public and usable by intervenors;
- Summarize the Cost and Rate Tracker Tool (CRT) and IOU Quarterly Reports to make them more useful for and accessible to ratepayers;
- Require implementation of the Affordability Framework and Metrics to make them more actionable;

⁴ An Administrative Law Judge’s Ruling Noticing Related Proceedings of Comments Sought was issued in Applications (A.) 21-06-021; A.23-05-012; A.23-05-010; A. 22-05-015 et. al.; A.22-12-008; A.23-01-008; A.22-10-001 et al.; A.22-10-022; A.22-12-009; A.23-06-008; A.22-01-003; A.23-01-001; and A.23-05-004.

⁵ California Public Utilities Commission *2021/2022 Annual Affordability Report* (Oct. 2023): <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/affordability-proceeding/2021-2022/2021-and-2022-annual-affordability-report.pdf>.

- Integrate use of Affordability Metrics into non-ratesetting proceedings that may have impacts on rates such as Demand Flexibility, Resource Adequacy, and Integrated Resource Planning Rulemakings; and
- Augment the Annual Affordability Report to discuss potential further analysis, actions, or solutions for addressing specific affordability challenges identified in the Annual Affordability Report.

II. CALCCA COMMENTS ON THE IMPLEMENTATION OF THE AFFORDABILITY FRAMEWORK AND METRICS

The Affordability Framework and Metrics are an integral step in addressing affordability concerns for electric utility bills in California. Successful program implementation involves careful planning, execution, evaluation, and subsequent course correction. For evaluation to be utilized and put into action, stakeholders need visibility to ensure they understand what goes into that evaluation.

A. There is a Need for More Transparency to Optimize The Use of Affordability Metrics

The Affordability Metrics allow stakeholders a standardized method to examine impacts to affordability that IOU rate cases may have, but there is a need for more transparency in decision-making to optimize the use and effectiveness of the Affordability Metrics. The Ruling asks a range of questions to stakeholders about how they use the Affordability Metrics; however, stakeholders have no visibility into how the Commission considers the Affordability Metrics while evaluating IOU rate applications or other proposals. To improve visibility, the Commission should take at least two actions. First, the Commission should describe its successes in applying the Affordability Metrics to reach decisions in cases where parties have submitted Affordability Metrics. Second, the Commission should aggregate these data submitted by IOUs and stakeholders so that the data are more accessible to the public and usable by intervenors. These

additional steps will further optimize the use of the Affordability Metrics and better inform potential solutions to address affordability concerns.

1. The Commission Should Describe Successes in Applying The Affordability Metrics to Reach Decisions That Affect Affordability

The Commission should describe the successes it has had in applying the Affordability Metrics to reach decisions that affect affordability to allow parties to understand better the weight the Affordability Metrics carry. The Commission's difficult and complex task to evaluate utility rate applications and new policies brings together many factors to consider, one of which is affordability. One purpose of the Affordability Metrics is to be able to measure, in a standardized way, the affordability impacts from proposed changes to revenue requirements. While IOUs and parties may submit the Affordability Metrics in proceedings, neither has visibility into the effect on decision-making those Affordability Metrics have. Since the development and implementation of the Affordability Metrics, rates have continued to increase. It is reasonable to ask how the Affordability Metrics have evaluated and implemented rate changes in a manner to minimize those rate increases. Without an understanding of how the Commission considers the Affordability Metrics, parties cannot know the efficacy of the Affordability Metrics in terms of outcomes on rates.

2. The Commission Should Aggregate Affordability Metrics Data Submitted by IOUS So That The Data Are More Accessible to The Public and Usable by Intervenors

In addition to describing its successes with Affordability Metrics, the Commission should aggregate the Affordability Metrics data submitted by IOUs in rate cases so that the data are more accessible to the public and usable by intervenors. Aggregation of data would improve visibility for all stakeholders, but especially for the public. IOUs submit Affordability Metrics in

applications that would increase revenue requirements by one percent or more,⁶ representing only a single snapshot in time. Similarly, the Annual Affordability Reports provide the current state of Affordability Metrics for a single year. One important use of the Affordability Metrics is to track changes to affordability over time. Presently, there is not a process in place for Californians to see how IOU applications and Commission decisions impact affordability from the accumulation of these applications and decisions over time. The Commission should aggregate the Affordability Metrics on the Commission Affordability webpage⁷ or include time series data in its Annual Affordability Reports. Additionally, the Commission could provide context for ratepayers by comparing trends in the Annual Affordability Reports with the Consumer Price Index's electricity index. This would further operationalize the intents of the Affordability Metrics as described in the Second Scoping Ruling, which includes how to make the measurement of the Affordability Metrics publicly available and accessible.⁸

a. The Commission Should Summarize the CRT and IOU Quarterly Reports to Make Them More Useful for Ratepayers

The Commission should address interactions between the Affordability Metrics and the CRT by summarizing the results of the tool as submitted by the IOUs. The Commission included determining these interactions in the Second Scoping Ruling as issue number seven.⁹ The IOUs submit the CRT on a quarterly basis, which contain data the Commission uses as inputs for the Affordability Metrics. Specifically, the average essential usage bill amounts for the IOUs are

⁶ D.22-08-023 at 84 and Ordering Paragraph (O¶)

⁷ <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.

⁸ R.18-07-006, *Assigned Commissioner's Second Amended Scoping Memo and Ruling* (Second Scoping Ruling) (Jun 9, 2020), at 3 (Issue #10 in list of scoping issues for Phase II of the proceeding): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M339/K544/339544712.PDF>.

⁹ See Second Scoping Ruling, at 3 (Issue #7 in list of scoping issues for Phase 2 of the proceeding).

used as inputs for the Affordability Ratio for the 20th percentile and 50th percentile of income.¹⁰ While these reports and tools may be accessible to intervenors or parties participating in proceedings, they are not accessible to the average ratepayer interested in understanding why their bills are increasing over time. The Commission should take the data reported in quarterly CRT submissions and summarize it so that all IOU information is accessible in one place and clearly described for ratepayers on a regular basis. The Commission webpage on Affordability¹¹ would provide a publicly accessible place to host this summarized information after each quarterly filing by the IOUs. This will provide ratepayers a view into how pending proceedings may or may not affect their bills, further supporting issue ten of the Second Scoping Ruling.

III. THE COMMISSION SHOULD REQUIRE IMPLEMENTATION OF THE AFFORDABILITY FRAMEWORK AND METRICS TO MAKE THEM MORE ACTIONABLE

Increased transparency will enable stakeholder understanding of the evaluation steps used to address affordability concerns. There is a need to move beyond evaluation and into the course correction phase. Phase 2 of the Affordability proceeding developed and implemented the Affordability Metrics and Phase 3 will address actions to mitigate further rate increases. To bridge the gap between Phases 2 and 3, the Commission should require implementation of the Affordability Framework and Metrics to make them more actionable. The Commission described issues under consideration in Phase 3 of the Affordability proceeding in the *Assigned Commissioner's Fifth Amended Scoping Memo and Ruling*.¹² This includes actions the

¹⁰ R.18-07-006, *Affordability Metrics Implementation Workshop* (Nov. 15, 2021), at 36: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/affordability-proceeding/affordability-phase-2-workshop-slidedeck_11152021.pdf.

¹¹ <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.

¹² R.18-07-006, *Assigned Commissioner's Fifth Amended Scoping Memo and Ruling* (Jan 1, 2022), at 6-7 (listing the issues to be determined or otherwise considered): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M442/K734/442734815.PDF>.

Commission should take to limit and/or mitigate future increases to ratepayer bills, the creation of processes to compare cumulative impacts of proposals, and how the Commission can ensure rate impact tools are used and useful for programs and applications. Implementing the Affordability Metrics in a way that makes them more actionable addresses these issues. These comments identify two examples of ways to do this. First, the Commission should use the Affordability metrics in non-ratesetting proceedings that may have impacts on rates. Second, the Commission should augment the Annual Affordability Report to discuss potential actions for addressing specific affordability challenges identified.

A. The Commission Should Integrate Use of Affordability Metrics into Non-Ratesetting Proceedings That May Have Impacts on Rates Such As Demand Flexibility

The Commission should implement the Affordability Metrics into non-ratesetting proceedings that may impact energy affordability, such as the Demand Flexibility proceeding (R.) 22-07-005, to compare impacts on affordability from proposals being considered by the Commission. CalCCA recommended this in its comments after reviewing ED Staff's Proposal on Implementation of Affordability Metrics, and pointed out that rate-setting applications are not the only proceedings that lead to actions that affect affordability.¹³ The Demand Flexibility proceeding is a prime example of such a proceeding. The Commission is developing an income-graduated fixed charge (IGFC) to improve affordability for low-income customers, which would restructure how and from whom IOU fixed costs are recovered. In addition, the rulemaking is investigating dynamic rates to incentivize customers to use electricity when it is more beneficial for the grid. Both of these initiatives have had multiple proposals for stakeholders to consider and

¹³ R.18-07-006, *California Community Choice Association's Comments on Assigned Commissioner's and Assigned Administrative Law Judge's Ruling Inviting Comments on Staff Proposal on Implementation of Affordability Metrics* (Jan 10, 2022), at 4 (describing that rate-setting applications are not the only place where actions are taken that affect revenue requirements).

on which to comment. Those proposals were not required to include the Affordability Metrics despite substantially changing rate structures and therefore potentially changing affordability for ratepayers. While the IGFC bill impact tool developed by Energy and Environmental Economics contained bill impacts for submission with IGFC proposals, it did not translate those impacts into the Affordability Metrics. This missed an opportunity to use the standardization offered by the Affordability Metrics to compare proposals and understand not just bill impacts in terms of magnitude, but also how they impact a ratepayer's ability to afford their bills as the Affordability Metrics measure.

The Demand Flexibility proceeding is not the only non-ratesetting proceeding in which the Affordability Metrics would provide value. Proceedings such as the new Resource Adequacy proceeding, R.23-10-011, or the Commission's Integrated Resource Planning proceeding, R.20-05-003 have the potential to substantially impact the cost of resources, which directly impact rates. The Commission's policies in these areas can affect the energy market and exacerbate or mitigate rising costs. The Commission should seek to understand the affordability impacts of various procurement policies so they can select policies that meet state goals for build out of clean energy resources while minimizing the risk of driving up prices. The Commission could use the Affordability Metrics to compare proposals submitted by parties or staff in these proceedings. Integrating the Affordability Metrics in more than rate-setting applications makes them more useful to the Commission, stakeholders, and ratepayers.

B. The Commission Should Augment The Annual Affordability Report to Discuss Potential Further Analysis, Actions, or Solutions for Addressing Specific Affordability Challenges Identified in The Annual Affordability Report

The Commission should include a discussion of potential further analysis, actions, or solutions for addressing specific challenges identified in the Annual Affordability Reports.

Currently, the Annual Affordability Report provides summaries and descriptions of Affordability Metrics for electric, gas, and water customers in California. It reports on each Affordability Metric and includes tables and maps to illustrate the state of affordability, including listing Areas of Affordability Concern (AAC). The AAC are locations in which a given utility service constitutes a certain percentage of a customer's disposable income. For electric service, the AAC is set at 15 percent. The Annual Affordability Reports also provide a listing of IOU ratesetting proceedings that include the Affordability Metrics and ends with a timeline of future reports. The Commission should include an additional section that discusses potential strategies to address specific findings. For example, what else could be learned about AACs that could alleviate energy burdens? Are there localized programs the Commission can recommend or pursue to provide some relief for AACs? What existing programs could be a resource to low-income customers or AACs struggling to pay bills? The Commission dedicates significant resources to programming that supports affordability for low-income customers such as the California Alternative Rate for Energy (CARE) or the Disconnections and Reconnections proceeding, R.18-07-005. The Commission should use the affordability metrics to integrate efforts to address affordability using existing programs like CARE and the Disconnections and Reconnections proceeding to meet affordability goals and equity goals as laid out by the Commission's Environmental and Social Justice Action Plan.¹⁴ The Commission should seek to maximize the visibility of these types of programs, which includes discussing them in the Annual Affordability Reports.

¹⁴ See *California Public Utilities Commission Environmental and Social Justice Action Plan* (Apr. 7, 2022), at 22-24 (Goals 1, 5, and 9): <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

IV. CALCCA RESPONSES TO QUESTIONS

A. CalCCA Comments on The Annual Affordability Reports

See section 3.B. The Commission should add discussions of strategies to address specific findings of the Annual Affordability Reports as well as new and existing programs that would help low-income customers afford their electricity bills.

B. CalCCA Responses to The Questions in Section 5.3 of D.22-08-023¹⁵

1. AR Calculator and Calculations

- a. **Are there technical changes to the metrics or the methodologies that can be made to make them more effective/useful? For example, is the Affordability Ratio at the 20th income percentile capturing low-income customers eligible for the CARE/FERA or ESA programs? Eligible for the Affordable Connectivity Program (ACP)? For Lifeline? Is AR20 capturing customers that are low-income but do not necessarily qualify for an assistance program such as CARE/FERA, ESA, ACP, or Lifeline?**

CalCCA has no comment at this time.

- b. **Should the AR Calculator add production of metrics at other geographic levels such as city, county, or geographic level, such as zip code?**

CalCCA has no comment at this time.

- c. **Is the administrative burden involved in the production of the metrics worth the extra work, for the utilities? For the Commission?**

CalCCA has no comment at this time.

2. Forecasting

- a. **Do nationwide CPI metrics accurately forecast the Affordability Ratio inputs for customers outside the metropolitan statistical areas (MSAs) or is it necessary to develop an alternate approach?**

¹⁵ D.22-08-023 at 71-73.

CalCCA has no comment at this time.

- b. Are there more regionally based metrics of inflation for regions outside of MSAs?**

CalCCA has no comment at this time.

- c. Are there weaknesses to the staff method of forecasting income and housing costs for the metrics?**

CalCCA has no comment at this time.

- d. Has any utility used the Global Insights inflation rates as an alternative to forecast increases in costs/rates/bills?**

CalCCA has no comment at this time.

- e. As contemplated in this decision, have parties been able to get access to the source data for essential bills in the AR Calculator?**

CalCCA has no comment at this time.

- f. Are the energy and water trackers good mechanisms to provide a view of current and prospective cumulative revenues from which forecasted rates are derived and from which projected essential usage bills are derived?**

CalCCA has no comment at this time.

3. Implementation

- a. Is affordability testimony being required for the right types of proceedings?**

See section 3.A. CalCCA recommends the Commission utilize the Affordability Metrics in non-ratesetting proceedings that impact affordability such as Demand Flexibility, Resource Adequacy, and Integrated Resource Planning.

- b. What has been gained from any implementation of the metrics in past proceedings or final decisions?**

See section 2. The Affordability Metrics have provided standardization in measuring affordability impacts, however the benefits of these metrics and their use in proceedings or final decisions for the Commission should be made more transparent.

- c. **Is updated affordability testimony being required at the right points in time during a proceeding?**

CalCCA has no comment at this time.

- d. **Is the revenue requirement threshold (more than one percent revenue requirement increase over total system-level revenue requirement in current rates for water and energy proceedings) appropriate?**

CalCCA has no comment at this time.

- e. **Are the demarcations designating AACs set at a useful and relevant level?**

CalCCA has no comment at this time.

- f. **Is analysis of AACs a useful component in affordability testimony?**

CalCCA has no comment at this time.

- g. **Are the annual Affordability Reports a good forum to present the forecast of cumulative revenues for future years?**

See section 3.B. The Affordability Reports are a good forum to present forecasts of revenues for future years. The Commission should add content to the Affordability Reports which discuss how the findings will lead to further actions.

- h. **Have the metrics been applied to small water utilities or Small LECs?**

CalCCA has no comment at this time.

- i. **Has implementation allowed the Commission to better fulfill its statutory duties expressed in various Public Utilities Code sections, including [Section 739\(d\)\(2\)](#), [Section 382](#), [Section 739.8\(a\)](#), and [Section 871.5](#)?**

CalCCA has no comment at this time.

- j. **Has implementation allowed the Commission to enhance its role in closing the digital divide as expressed in various Public Utilities Code sections, including [Section 709](#), [Sections 280281](#), [Section 275.6](#), and the [Moore Act](#)?**

CalCCA has no comment at this time.

C. CalCCA Comments on The Public Advocates Office at The California Public Utilities Commission’s (Cal Advocates) Proposal to Define “Last Adopted Revenue Requirement” As The Revenue Requirement from The Last Adopted General Rate Case (GRC)

CalCCA has no comment at this time.

D. CalCCA Comments on section 4 of The Ruling “Assessing Implementation”

1. Does the affordability framework (metrics, maps, calculator, quarterly revenue reports, and annual affordability reports):

- a. Make utility rates and bills meaningful or useful for the type of decision¹⁶ being made?**

See section 2. This is unclear without more transparency from the Commission.

- b. Make utility rates and bills representative for types of customers based on where they live and their costs of living?**

CalCCA has no comment at this time.

- c. Help describe the choices before the Commission as more or less affordable?**

See section 3.A. Without utilizing the Affordability Metrics to compare proposals the Commission is considering outside of ratesetting proceedings, the Affordability Metrics cannot describe the choices in either direction.

- d. Advance the Commission’s environmental and social justice goals?**

See section 3.B. Without a discussion of how to act on affordability impacts, the Affordability Metrics will not advance Commission environmental and social justice goals.

- e. How have non-utility parties utilized the affordability framework to inform their participation and/or develop their positions? If not at all, is it due to difficulty understanding the affordability tools/metrics, difficulty incorporating the tools/metrics into parties’ positions, or some other reason?**

¹⁶ Examples of choices under consideration in the related proceedings: A.21-06-021; A.23-05-012; A.23-05-010; A.22-05-015 et al.; A.22-12-008; A.23-01-008; A.22-10-001 et al.; A.22-10-022; A.22-12-009; A.23-06-008; A.22-01-003; A.23-01-001; A.23-05-004.

See section 2. CalCCA utilizes the Affordability Metrics to track bill affordability for customers over time in IOU rate cases. However, the IOU filings containing Affordability Metrics are disaggregated which makes it difficult to understand the total impact on rates throughout the year. As section 2 describes, the Commission should work to aggregate the Affordability Metrics in separate filings to show how all proposed changes to rates affect affordability together.

2. With regard to the Water Tracker:

- a. Should the definition of “Last Adopted Revenue Requirement” mean a utility’s authorized revenue requirement from the adopted GRC or start fresh on January 1 of the year before the year in which the Water Tracker is filed?**

CalCCA has no comment on the Water Tracker.

- b. Should the Water Tracker provide incremental revenue requirement and bill impacts changes between last adopted GRC and next adopted GRC or continue using a continuous forward-looking tracker?**

CalCCA has no comment on the Water Tracker.

- c. If the Water Tracker is changed to capture incremental changes between GRCs, should these changes be implemented post-adoption of each water utility’s next GRC revenue requirements, or sooner?**

CalCCA has no comment on the Water Tracker.

3. Describe with specificity how you have used the annual Affordability Report (any year(s)), including identifying the industry for which it was used.

- a. If at all, how does the Affordability Report provide value beyond the metrics, maps, calculator, and quarterly revenue reports?**

See section 3.B. Beyond the value provided by the metrics, maps, calculator, and quarterly reports, the Annual Affordability Report does not provide strategies or discussions of further ways to address affordability.

- b. Do the recommendations for how to present affordability metrics in the 2021/2022 Affordability Report¹⁷ help distill relevant information?¹⁸**

See section 2.B. The Commission should aggregate Affordability Metrics data throughout the year to allow ratepayers to see potential changes to Affordability Metrics rather than just the retrospective look the Annual Affordability Reports take.

V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the recommendations herein and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,



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CALIFORNIA COMMUNITY CHOICE
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January 25, 2024

¹⁷ The presentation of the affordability metrics in applications is required by O¶s 5 and 6 of D.22-08-023.

¹⁸ 2021 and 2022 Annual Affordability Report (Attachment 1 of the Ruling), at 56.