



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

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R1807006

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 REPLY 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 (Commission) take the following actions:

- Adopt the proposal of the Public Advocates Office at the California Public Utilities Commission to provide details on how the Commission uses the Affordability Framework and Metrics in the Annual Affordability Report (AAR) because it would provide transparency to ratepayers with only a marginal change to the current drafting of the AAR;
  - Adopt The Utility Reform Network’s proposal to require the investor-owned utilities (IOUs) to provide cumulative Affordability Metrics so all stakeholders can understand cumulative impacts to affordability from IOU applications; and
  - Reject the recommendation of San Diego Gas & Electric Company and Southern California Gas Company to increase the threshold for presenting the Affordability Metrics in rate applications from 1 percent to 3-4 percent because it would reduce transparency of proposed impacts to affordability.
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California Community Choice Association<sup>1</sup> (CalCCA) submits these reply comments pursuant to the *Assigned Commissioner’s Ruling Seeking Annual Feedback on the Implementation of the Affordability Framework*, dated December 13, 2023 (Ruling),<sup>2</sup> and *Administrative Law Judge’s Ruling Noticing Related Proceedings of Comments Sought*, dated December 14, 2023<sup>3</sup> (December 14 Ruling). 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.<sup>4</sup> In addition to seeking feedback from parties

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<sup>1</sup> 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.

<sup>2</sup> *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>.

<sup>3</sup> *Administrative Law Judge’s Ruling Noticing Related Proceedings of Comments Sought*, R.18-07-006 (Dec. 14, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M521/K449/521449073.PDF>.

<sup>4</sup> See Decision (D.) 22-08-023, *Decision Implementing the Affordability Metrics*, R.18-07-006 (Aug. 4, 2022), at 71, and Ordering Paragraph 13, at 87-88 (allowing parties to comment generally on the use and interpretation of the affordability framework within Commission proceedings and in the annual Affordability Report): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K428/496428621.PDF>.

to this rulemaking, the December 14 Ruling seeks feedback from parties to other proceedings in which the Affordability Metrics have been introduced and analyzed.

## **I. INTRODUCTION**

These reply comments support specific party opening comments that contribute to transparency and accessibility of the Affordability Framework and Metrics for stakeholders and ratepayers. Conversely, these reply comments recommend the rejection of party proposals that will have a negative impact on Affordability Framework transparency and accessibility. As such, CalCCA respectfully recommends the Commission take the following actions:

- Adopt the proposal of the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) to provide details on how the Commission uses the Affordability Framework and Metrics in the Annual Affordability Report (AAR) because it will provide transparency to ratepayers with only a marginal change to the current drafting of the AAR;
- Adopt The Utility Reform Network's (TURN) proposal to require the investor-owned utilities (IOU) to provide cumulative Affordability Metrics so all stakeholders can understand cumulative impacts to affordability resulting from IOU applications; and
- Reject the recommendation of San Diego Gas & Electric Company and Southern California Gas Company (together, the Joint Utilities) to increase the threshold for presenting the Affordability Metrics in rate applications from 1 percent to 3-4 percent because it will reduce transparency of proposed impacts to affordability.

## **II. CAL ADVOCATES' PROPOSAL THAT THE COMMISSION BE REQUIRED TO PROVIDE DETAILS ON THE USE OF THE AFFORDABILITY FRAMEWORK IN THE AAR SHOULD BE ADOPTED BECAUSE IT WILL PROVIDE TRANSPARENCY TO RATEPAYERS WITHOUT HIGH ADMINISTRATIVE BURDEN**

Adopting Cal Advocates' proposal that the Commission provide details in the AAR on how the Commission uses the Affordability Framework is a reasonable way to provide more transparency without high administrative burden. Cal Advocates recommends in opening comments that the Commission "include a description of how the Commission uses the affordability framework to

inform its decisions.”<sup>5</sup> This additional information will provide transparency for ratepayers and the public to understand the Commission’s efforts in protecting affordability. Since the AAR is published once per year, this added section to the report will not represent a high administrative burden relative to other alternatives.

For example, one alternative is that the Commission incorporate a discussion of its use of the Affordability Framework in every decision for proceedings in which the IOUs apply the Affordability Metrics. However, this will likely require the Commission to repeat itself, creating redundancy and unnecessary burden, as the Commission makes multiple decisions on similar applications. Instead, the Commission’s publishing its usage of the Affordability Framework and Metrics once per year via the AAR provides the necessary visibility regarding the Commission’s strategies to address affordability concerns without adding unnecessary administrative burden.

### **III. TURN’S PROPOSED REQUIREMENT THAT THE IOUS INCLUDE CUMULATIVE AFFORDABILITY METRICS SHOULD BE ADOPTED AS IT WILL INCREASE TRANSPARENCY**

Requiring the IOUs to include *cumulative* Affordability Metrics any time IOUs already present the metrics will arm the Commission with critical data to make more informed decisions, as well as improve transparency for stakeholders. TURN recommends that the IOUs “include both the revenue request and also the approved request(s) that are pending for inclusion in rates” any time the IOUs present the Affordability Metrics.<sup>6</sup> The incremental and siloed nature of the current presentation by the IOUs of the Affordability Metrics makes a holistic consideration of all revenue requests challenging for the Commission and stakeholders. The IOUs already submit a list of itemized revenue requests on a quarterly basis to the Commission, which can be augmented by

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<sup>5</sup> See Cal Advocates Opening Comments, at 18.

<sup>6</sup> See TURN Opening Comments, at 4.

requiring incorporation of the Affordability Metrics.<sup>7</sup> While all revenue requests have their own rationale, keeping track of the bigger picture of how the requests add up will allow the Commission to adequately consider the overall impact of each request. Therefore, the Commission should require the IOUs to include both incremental and cumulative Affordability Metrics with applications.

#### **IV. THE JOINT UTILITIES' PROPOSAL TO INCREASE THE REVENUE REQUIREMENT THRESHOLD TRIGGERING THE AFFORDABILITY METRICS ANALYSIS SHOULD BE REJECTED AS IT WILL REDUCE VISIBILITY IN TO THE AFFORDABILITY IMPACTS**

The Commission should reject the Joint Utilities' proposal to increase the threshold triggering Affordability Metrics analysis in IOU applications because it will reduce the frequency of metric presentation and reduce transparency. The Joint Utilities propose to increase the threshold from 1 percent to 3-4 percent due to the Commission's Affordability Ratio Calculator using a 3-4 percent escalation factor for income and housing.<sup>8</sup> However, their proposal would result in less transparency for customers.

The Joint Utilities found that using the affordability metrics to assess revenue requirement increases less than 3-4 percent lead to "counterintuitive affordability metrics results"<sup>9</sup> The Joint Utilities provide an example that demonstrates the income and housing escalation factors included in the Affordability Ratio Calculator can lead to instances where small revenue requirement increases appear to improve affordability. Therefore, the Joint Utilities argue that the 3-4 percent trigger is necessary to prevent the confusion that can result from the application of the 1 percent threshold. However, a potentially confusing result is not a reasonable argument for reducing transparency.

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<sup>7</sup> Commission webpage of Itemized List of Revenue Requests: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/quarterly-revenue-request-reports>.

<sup>8</sup> See Joint Utilities Opening Comments, at 7 (explaining why the Affordability Metrics threshold should be increased).

<sup>9</sup> See *id.*, at 4.

While ensuring accurate interpretation of the Affordability Ratio Calculator is important, the issue the Joint Utilities cite can be addressed by enhancing context within the calculator and presenting metrics in a clear manner to aid users in understanding its functionality and interpreting results effectively. Submitting cumulative metrics as proposed in section 3 above would also serve to counteract potentially misleading results. While one application at just above the 1 percent threshold may cause unexpected results, presenting the impact on metrics from the rest of the pending requests with it would develop a clearer picture. This would avoid the outcome with which the Joint Utilities are concerned and provide more transparency. On the other hand, tripling or quadrupling the threshold percentage for Affordability Metric presentation will provide less transparency than is currently the case. Fewer instances of presenting the Affordability Metrics will generate less data over time, therefore decreasing the time granularity of data and the usefulness of the data. Affordability of utility rates is a critical issue for Californians, and the Commission's actions must not decrease transparency and use of the Affordability Metrics. As a result, the Joint Utilities' proposal to increase the threshold to trigger the affordability metrics analyses should be rejected.

## V. CONCLUSION

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

Respectfully submitted,



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